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# **Secretary's Forum on Farm Income and Agricultural Policy**

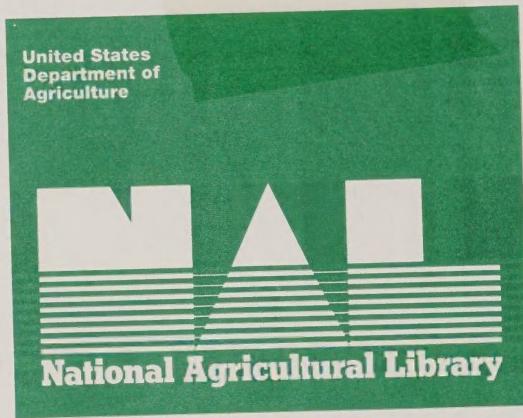
A Summary of Four Forums:

Washington, D.C.

Tempe, Arizona

Ames, Iowa

Greensboro, North Carolina

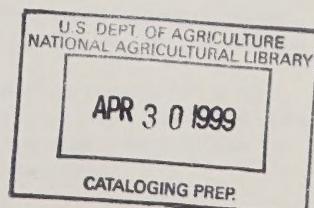


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## **Introductory Remarks by Secretary Mike Espy**

Welcome to USDA's Forum on Farm Income and Agricultural Policy. Speaking as the Secretary of Agriculture, I can tell you that the Clinton Administration is committed to making a positive difference in the future of agriculture. That is why we have come together to find ways to improve the income of American farmers—and especially family farmers. This is income that will in turn benefit all of rural America.

As many of you also know, we've already used discretionary authority to take several steps for the purpose of benefiting producers and for the end goal of increasing farm income. For example:

- During the first month we were in office, we opened up the Farmer-Owned Reserve to the greatest allowable maximum within the Farm Bill.
- We used our discretionary authority to drop one of the double discounts on corn.
- And we suspended farm foreclosures pending administrative review.
- On the trade front, we've done a lot. Under the Export Enhancement Program, we announced an opportunity for sales of 32 million metric tons of wheat to 30 countries and regions around the world for the 1993-94 international marketing year. This is a very aggressive, credible, and fair step to protect the American farmer from unfair competition. It will also boost sales of U.S. wheat, and further our attempts to move the world toward a fair and open global market.
- And in the April Summit in Vancouver, President Clinton announced an important Food for Progress agreement with Russia. Russia has traditionally been one of our largest export customers for U.S. grain, and this agreement will help maintain the U.S. presence in that very important market.
- We've also taken steps to help those producers who are unfortunately feeling the impact of flooding and excessive rain—and then drought. We are assisting them in coping with the disaster and in trying to stabilize any major instability in their farming operations.

But even with these steps we have a long way to go. It takes asking tough and thoughtful questions about where we want to go with farm policy:

- How can we make our agricultural programs more flexible and adaptable, more responsive to economic and social change?
- How can we keep U.S. agriculture efficient and competitive in a changing global marketplace?
- How can we make our agricultural programs work better to achieve their goals?

It is my firm belief that modern agriculture must stand on two strong legs—a solid domestic farm policy and a solid international trade policy. Neither leg can go very far, or very fast, without the other. Neither one is a substitute for the other.

On the domestic side, the major price and income support programs of the Commodity Credit Corporation represent the heart of U.S. farm policy—both by virtue of their longevity and their cost. They provide a measure of stability to the agricultural sector, and thus ensure society an abundant supply of food and fiber at reasonable cost. Yet, a growing number of economists and policy analysts believe that the current commodity policy is outdated, and may even now be detrimental to the needs of modern agriculture.

On the international side, there is hardly a farmer in this country today who doesn't understand how vital exports are to American agriculture. In recent years, sales to foreign markets have amounted to roughly a quarter of the value of U.S. farm output. Consumers overseas will buy more than half of this year's wheat crop, 40 percent of the rice crop, and more than a third of the soybean and cotton harvests.

At the same time, consumer-oriented and other high-value food products such as meats, fruits and vegetables and processed food products now account for more than half the value of all U.S. agricultural exports. Sales figures like these are essential to maintaining current levels of farm income and the economic vitality of rural communities.

There is nothing theoretical about the dependence of this nation's farm income on exports. As exports slipped in the first half of the 1980's, we saw depressed farm incomes, falling land values, and economic pain in many of our rural communities. In fact, USDA's largest export promotion program—The Targeted Export Assistance/Market Promotion Program—was a direct response to that crisis.

Generally speaking, nations tend to treat their agriculture as a special case with special domestic policies. But the trend today is toward more market orientation and less government interference and protectionism. It is happening in many countries around the world, and it is indeed happening right here in the United States.

For example, two of the most recent comprehensive farm bills—the 1985 and 1990 Acts—incorporated market-oriented reforms (and greater environmental awareness) into many longstanding farm support programs. Another major factor driving policy change is the urgent need—and this Administration's firm commitment—to address the Federal budget deficit.

In conclusion, I want to thank you for your interest and participation and state again that it is imperative for U.S. agricultural policy to consist of a domestic farm policy and an international trade policy that best focus our resources to increase farm income and benefit agriculture as a whole—and by extension, rural communities as well.

## **Executive Summary**

Secretary of Agriculture Mike Espy held four forums to solicit suggestions on ways to improve farm income and increase agricultural exports for U.S. farmers and agribusiness. The first forum on farm income and agricultural policy was held in Washington D.C., August 2, 1993, and was followed by three regional forums held throughout the United States. The first regional forum was held in Tempe, Arizona, September 8, 1993 and cosponsored by Arizona State University at their Memorial Union. The second regional forum was held in Ames, Iowa, September 13, 1993, at the Scheman Continuing Education Center of cosponsor Iowa State University. The third regional forum was held in Greensboro, North Carolina, September 30, 1993, at B.C. Webb Hall of cosponsor North Carolina A&T University.

The purpose of the forums was to gather input about the direction of agricultural policy over the next several years. Each participant was asked to address the following key issues:

- 1) What is changing in U.S. agriculture?
- 2) What are the issues that must be dealt with in the next few years? and
- 3) What adjustments or reforms are needed in domestic farm programs and international agricultural programs now and over the longer term?

In keeping with this Administration's commitment to making a positive difference in agriculture, Secretary Mike Espy and Under Secretary Eugene Moos brought together a very diverse group. Farmers, farm organizations, food and service industry representatives, consumer and environmental groups, government leaders, students, concerned citizens, and consultants were invited to participate. The Washington forum was divided into two sessions: The morning session was devoted to issues addressing farm income and farm policy; the afternoon session addressed agricultural trade and development policy and export programs. The regional forums format consisted of a panel of five USDA representatives under the leadership of Mr. Eugene Moos, Under Secretary for International Affairs and Commodity Programs, listening to participants divided into panels. Participants were given three minutes to present their views and at the conclusion of each panel's remarks the USDA representatives explored additional questions and issues with each panel member, time permitting. Since only a limited number of panelists could be accommodated, interested parties were encouraged to submit papers with their views.

Secretary Espy stated three questions he would like answered positively during this administration: How many farmers have we kept on the land? How well have we kept our traditional markets and expanded into new markets? What does it mean for the average consumer? The Department has taken several discretionary steps to improve farm income, and has actively worked with Congress to obtain assistance for the Midwest flood disaster and the Southeast drought.

Opinions presented at the forums differed and there may have been some opinions not represented. Major themes, and recommendations are presented without editorial comment or attempts to include opposing viewpoints. Inclusion of a statement does not necessarily imply USDA agreement as to the validity or accuracy of the information presented.

### **Washington Forum**

Participants addressing **farm income and farm policy issues** identified the diversity of conditions on America's farms. While financial conditions have improved since the mid-1980's, rates of return on farm assets are low. The value of farm assets, adjusted for inflation, is declining. Investment is low and the number of farmers continues to decline. At the same time, some farms have incomes at or above the average for U.S. households, particularly the larger farms.

Many participants felt that farmers need and deserve a higher level of income. However, opinions differed, sometimes sharply, about how to accomplish such an increase. Some favored higher loan rates and price supports, while others warned of the problems of interfering with market signals and of the repercussions to agriculture-related industries, to trade competitiveness, and to the consumers' cost of food. Still others wanted to shift some of the basis for support more towards environmental goals. Some favored diversification of rural economies to improve off-farm income opportunities, while others recommended means testing to target benefits to full-time family farmers.

The growing diversity of the farm sector—different crops, sizes of farms, distribution of resources, sources of income, and constituency groups—means that enhancements in traditional policy mechanisms may not be successful in increasing farm income. Many suggestions were made which will require additional analysis to determine the total ramifications.

Still others emphasized the need to expand markets through new uses and market development and to improve production inputs. Improved access to credit, more focused research and education were also mentioned. Education would help new farmers cope and all farmers produce and sell more efficiently.

Concerns for integrating environmental goals with farm income and rural development goals were expressed. Federal policies and regulations on the use of agricultural chemicals, sustainable agriculture, and food safety must be crafted to balance the needs of consumers, farmers, and the environment.

Suggestions were received about reorganizing the U.S. Department of Agriculture. In addition, areas that needed reform included the Federal food safety system, rural development policy, and farm credit and crop insurance programs.

Farmworkers were also heard from. U.S. farm operators spend over \$12 billion annually on wages and benefits for hired workers, representing 10 percent of all production costs. These workers are indispensable for production and income for many farm operators, but the effects of farm policy changes on farm workers are seldom considered.

Participants concerned about **agricultural trade and development policy and export programs** discussed the importance of exports to farm income and to U.S. agriculture and the domestic economy. There is basic agreement that the United States must be more competitive in international markets and we must expand exports if U.S. agriculture is to fully utilize its productive capacity.

The forum identified five key concepts that will shape policies to expand exports:

- (1) Increasing global economic interdependence and increased dependence on changing global markets will challenge government and U.S. agriculture.
- (2) Demand for food and fiber products in world markets will increasingly shift to high-value products as incomes grow.
- (3) Trade policy and domestic commodity policy must be consistent; commodity policy has to advance competitiveness, not constrain it.
- (4) Economic and social change occurring in the former Soviet Union and elsewhere hold the promise for a significant expansion in world trade as economies grow.
- (5) Government can increase trade opportunities through trade negotiations, export assistance, market development and promotion, food aid and economic development, and research. However, there are limitations to what the government can do, and U.S. agriculture must seek out trade opportunities in the global marketplace.

Participants provided recommendations on the following main topics: Passage of the North American Free Trade Agreement (NAFTA) and the Uruguay Round; restructuring USDA export programs; phytosanitary and food safety issues; international food aid programs; and diversity in the agriculture sector.

There was general agreement by the speakers on the importance of the Uruguay Round and NAFTA. All but one of the forum's speakers highlighted the issue of the Uruguay

Round and the NAFTA, and 13 of the 15 speakers supported passage of these market-opening agreements. One speaker doubted that NAFTA would help U.S. farmers.

Restructuring of USDA's export programs was another topic frequently discussed. There was consensus that the programs need to be revised to meet changing needs of the world marketplace. Discussed were GSM credit guarantees, the Market Promotion Program, the Export Enhancement Program, and P.L. 480. Some speakers argued that phytosanitary issues will be the trade barriers of the future.

### **First Regional Forum Tempe, Arizona**

Opinions ranged from issues about traditional farm programs to ideas on streamlining the Federal Government. Many views expressed a need for higher farm income. However, the means for achieving improved farm income differed. Some wanted higher loan rates which would stimulate market prices and decrease deficiency payments, accompanied by increased acreage reduction requirements. The cotton industry supported the existing price support programs and urged that they be continued. They stated that they have difficulty financing their operations or crop loans from their equity and rely upon collateral provided by USDA's cotton program. Other producers suggested that price supports be targeted to units of production and capped to limit government budget exposure. Some participants stated that production disincentives and federally financed reserves and set-aside programs are not the long range solution to a depressed farm economy. One dairy farmer opposed national supply management on milk production such as a national base or a two tier pricing system.

Crop insurance drew comments from some of the participants. One farmer suggested discontinuing the Federal Crop Insurance Program, because it cost taxpayers billions without benefiting the farmer. Another suggestion was to revamp the crop insurance program and make it actuarially sound and responsive to the needs of production agriculture.

One recommendation was received to change the tax code. Such a change would allow producers to take advantage of commodity futures and options in their marketing plans without adverse tax consequences.

Cotton producers wanted the disaster caused by whiteflies classified as an agricultural disaster. USDA denied assistance stating that there was a lack of connection between the flourishing of insects and a weather pattern. However, producers were grateful for USDA's help in combating this pest.

Many concerns were raised about regulation's effects on farm income. Excessive regulations create a large effect on already thin profit margins. Participants asked that the voice of American producers be listened to in the reauthorization of the Endangered Species Act and in regulations dealing with food safety issues and the use of chemical crop protectors in decisions regarding wetlands and in private property confiscation.

Many Arizona ranchers are concerned about Interior Secretary Babbitt's proposal to increase grazing fees on BLM and Forest Service lands. They believe that proposal would endanger the contributions made by ranchers to the fragile economy of rural Arizona.

Environmental concerns were expressed by several people. Although stewardship of the land and water is a producer's number one priority, an economic incentive must exist if a high degree of environmental care is desired. Education is desired on the effects of DDE, a residue of DDT. Comprehensive pesticide use reporting data would be particularly helpful to USDA in establishing pest control research priorities such as the whitefly issues.

Several presenters were interested in alternative enterprises and uses. They would like to see alternative crops developed and research conducted on new uses for current crops. Carbon and hydrogen are two potential sources of revenue that could be made out of existing wastes, but government help is needed in providing a market for these crops. Organic cotton production is small but quickly growing and requires more resources for research on

farming techniques. The U.S. ratite industry would like to be acknowledged by the Federal government as a viable industry.

Other presenters suggested new technologies such as the integration of aquaculture and agriculture, thereby obtaining a double use of water. Other new technologies suggested were a hydroponic system and a new refrigeration system.

The USDA must be willing to support rural economic development. Alternative suggestions were received about the Farmer's Home Administration loan foreclosures. An agricultural loan mediation program has been started which helps farmers and their lenders in resolving difficult situations.

Participants concerned about agricultural trade and exports were in favor of passage of GATT and NAFTA. They wanted to see our government assist in the development of markets. Other participants wanted a fair trade policy where trade adds value to our products which creates income for the producers, instead of selling raw commodities at the lowest price possible in order to create and maintain competition.

Many presenters represented the growing issue of alternative uses of public lands. For example, the Grand Canyon Chapter of the Sierra Club wants the Forest Service to rescind its easement to allow a bridge to be built over Forest Service land at Red Rock Crossing near Cathedral Rock in Sedona. Radio station KRFM wants to continue its high power station on a low power site on Porter Mountain, USDA Forest Service land. Some presenters want the University of Arizona telescope project cancelled because the Mount Graham site is on sacred Indian ground and more suitable alternative sites exist.

Suggestions for streamlining USDA focused mostly on better ways to run FmHA's 502 self-help program. Arizona would like some responsibility transferred to the state government, rather than consolidate all food safety regulations at the Federal Food and Drug Administration. Some participants wanted USDA programs simplified. Another participant wanted the Extension Service added to the consolidated field offices of the farm service organization. One group wanted more accurate USDA statistics.

## **Second Regional Forum Ames, Iowa**

With few exceptions, the general mood of the presenters was that immediate changes were necessary to preserve family farms and rural America. The average age of farmers is increasing and very few young people are going into production agriculture. Rural America has come to depend on off-farm income. The participants felt that the reason behind this is stagnation of farm income.

All participants were in agreement that commodity prices and farm income were too low, but opinions differed as to both the cause and solution to the situation. Many producers blamed the farm economic problem on a national cheap food policy. Others were suspicious of the role of futures markets in the price discovery process. Still others believed the movement away from parity pricing in the 1950s set in motion the ultimate demise of family farms. And, some believed that improved net farm income and enhanced economic opportunity for farmers was best done by market-orientation, with adherence to the laws of supply and demand along with limited Government action.

The quintessential issue facing agriculture today was believed to be paying a fair price to farmers. Suggestions for how to correct the situation of low commodity prices varied from increasing price supports to 90 percent of parity to placing more emphasis on expanding export markets. Many farmers and farm groups suggested raising price supports to at least a level that would cover cost of production. Government guarantee of parity prices for farmers was viewed by many as not only a solution to farmers' economic problems, but to augmenting rural development. Despite the general belief that significant increases in price supports were needed, some warned that it is virtually impossible to provide a domestic support program for agriculture that attempts to ignore or negate market conditions.

Recognizing the limited Government funds available to spend on agricultural supports, there was support among several presenters for better targeting of benefits toward moderate-sized farms. Those who suggested targeting tended to support volume-based commodity loan and deficiency payment limitations as well as tiered marketing quotas, set asides, and other price support mechanisms.

Acreage Reduction Programs (ARPs) had a mixed reception. Most recognized that, with open trade, domestic supply control is often ineffective in controlling production or raising prices because it encourages our foreign competitors to expand. The larger the set aside, the more detrimental to farm income because higher ARPs force productive acres to cover more of the fixed costs of farming. However, there is little reason to produce grain when it merely contributes to increasing ending stocks and depressed prices.

One of the few areas where all presenters agreed was that Federal Milk Marketing Orders were detrimental to Upper Midwest dairy farmers and, hence, needed to be reformed or eliminated. Concern was expressed that current Federal Milk Marketing Orders encouraged expansion of milk production in environmentally sensitive areas of the South and Southwest. Nationwide pooling was proposed so that all dairy farmers under federal orders would share equally in the benefits of federal orders.

Participants urged revisions in export policy to be more aggressive in seeking additional export markets, such as Mexico and South America. Great concern was expressed by many commodity groups about recent legislative funding cuts in the Market Promotion Program (MPP), especially from those groups that had benefited from MPP, such as livestock and value-added products. Tremendous interest was expressed in the need to concentrate more on value-added exports rather than on bulk commodities. Value-added exports were believed to generate higher farm income and more jobs in rural America. Others expressed concern that we should do more to treat our foreign customers "right" by maintaining high quality standards for our grain shipments, that the United States should address nontariff barriers, such as Canadian swine quarantine requirements, and that the Export Enhancement Program (EEP) should be expanded to emphasize corn and soybeans.

The importance of exports as the key to increasing farm income was not universally accepted. Some pointed out that after a 12-year obsession with free trade, we have lower farm prices along with lower and lower export values.

The North American Free Trade Agreement (NAFTA) was generally supported by most farm groups who viewed it as potentially opening up a large market to U.S. grains and livestock products. However, concern was expressed by some that even if we can sell more grain to Mexico, it would be the big grain companies and not the grain producer who would reap the benefits.

There was conditional support for the General Agreement on Tariff and Trade (GATT) negotiations. The United States must aggressively protect and open new foreign markets for U.S. agricultural products to improve farm income. However, if we are not willing to push for a reduction in barriers to free trade through GATT, then we must be committed to aggressively pursuing markets through EEP and MPP.

Most participants agreed with the need to streamline USDA, but were cautious about the direction such streamlining might take. There was support for strengthening USDA's conservation efforts, but there was considerable concern expressed about not including the Soil Conservation Service as part of the proposed Farm Service Administration. Others were leery about shifting food safety and inspection activities out of USDA and into the Food and Drug Administration. In general, participants welcomed improvements in customer service as long as the supportive elements of USDA programs were maintained.

Interest in revamping the crop insurance program was high. Participants tended to support coming up with an affordable crop insurance program which could eventually replace the need for annual disaster programs.

Some participants expressed considerable distrust of futures markets and called for more regulation of so-called "big fund buyers" at the Chicago Board of Trade. There was also a call for more producer representation at the Commodity Futures Trading Commission.

According to many participants, farm income could be improved by development of new domestic and international markets for value-added products. USDA was asked to expand its research efforts in the area of new uses of agricultural products.

Some suggested that farm income could be improved by totally replacing the current system of commodity price and income supports. Alternative means of supporting farm income ranged from reliance on marketing certificates, to establishment of a national system of marketing cooperatives and farmer bargaining units, to replacing deficiency payments and crop loans with a system of payments based solely on conservation compliance.

In general, participants pointed out many perceived problems associated with current agricultural programs. Solutions of a wide variety were proposed. These suggestions and proposals will receive increased attention during consideration of the 1995 Farm Bill.

### **Third Regional Forum Greensboro, North Carolina**

The overriding theme at the Greensboro forum centered on how to maintain or increase rural farm income. To illustrate the problem, in the last 12 years, North Carolina has lost 35 percent of its farms to foreclosures. The reasons given for farm problems included increased capital and labor costs, depressed commodity prices, the influx of cheap imports, and natural disasters. The agriculture programs designed to help farmers out of these predicaments—price supports, FmHA loans, and disaster assistance—were argued by some presenters to be time-consuming, over-regulatory, and ineffective.

The NAFTA and the GATT drew the largest number of comments from presenters. The majority did not support NAFTA because they felt U.S. agriculture must be protected from the projected flood of cheap, imported goods. Peanut growers were most vocal in their opposition to trade that could hurt U.S. domestic producers. Speakers who supported NAFTA foresaw its success only to the degree it promoted free and fair trade.

Streamlining USDA was an issue which also elicited a large number of responses. The majority supported the proposed concept of "one-stop-shopping," with several caveats. The services provided to farmers must not be compromised by any reorganization. Second, USDA must continue its partnership with local farmer organizations. Specifically, the farmer-elected committee system is an essential component in administering USDA programs, and any reorganization must involve close consultation with local and state farmer organizations.

Recommendations were given on how and where to restructure specific USDA agencies, including the Agricultural Stabilization and Conservation Service (ASCS), Soil Conservation Service (SCS), the Packers and Stockyards Administration, the Federal Grain Inspection Service (FGIS), and the Farmers Home Administration (FmHA). In particular, there were differences of opinion on grouping the conservation programs of USDA.

The issue of increased support for limited-resource and minority farmers was raised by many participants. The decline in minority-owned farmers has reached a crisis stage. A large number of speakers accused FmHA loan officers of racial discrimination and other unfair practices that prevented cash-strapped farmers from receiving loans. Participants recommended that USDA better target programs for these farm operations.

To increase demand for domestic products, participants argued for increased use of export programs such as the Export Enhancement Program (EEP), the Dairy Export Incentive Program (DEIP), and GSM credit guarantees. Dairy, meat, and tobacco industry representatives were most vocal in their support for these programs, while peanut growers voiced unanimous opposition. The tobacco industry protested the elimination of Market Promotion Program funds for tobacco products as well as the lack of GSM credit guarantee programs.

Concern with USDA's domestic price programs focused on the dairy program and the need to devise an alternative system for the price and supply management of milk. Specific program changes were also recommended for honey bees, peanuts, forests, cigarettes, and wheat.

A number of participants discussed problems with USDA's environmental and conservation programs. Because of the prohibitive cost of these programs to farmers, speakers lobbied for educational and financial incentives rather than burdensome environmental regulations.

Some speakers disagreed with the proposal to move the conservation programs of ASCS to the Soil Conservation Service. Several speakers spoke out in favor of policies that support sustainable agriculture.

Speakers raised a number of other problems with FmHA insurance. It was argued that the FmHA interest rates are too high, that paperwork was cumbersome, that the loan limit was too low, and that loan officers were unfair.

Alternative enterprise and technologies were discussed that focused on increasing production of ethanol, raising unconventional animals such as ostrich, and promoting no-till farming. Justifications were based on raising commodity prices and farm income.

Differences of opinion occurred regarding speakers' positions on international trade and domestic programs. Those in the dairy industry, the largest proportion, argued that the price and supply programs are inadequate and farmers are leaving the industry. The tobacco industry argued that the current programs are successful, and tobacco products provide the tax revenue that drives the Carolina economies; however, the industry is threatened with higher taxes. In general, both the tobacco and dairy industries supported trade legislation. In contrast, those representing the peanut industry argued that NAFTA would bankrupt the industry because of cheap peanuts imported from Mexico.

To revitalize rural farm operations and increase farm income, participants suggested that USDA:

- a. redesign the price support and supply management programs, particularly for dairy products;
- b. improve administration of FmHA loans and disaster assistance;
- c. increase use of export programs while protecting U.S. agriculture from cheaper, imported goods;
- d. reduce paperwork and regulation through streamlining of USDA;
- e. reduce proposed tax burden on tobacco industry;
- f. restructure conservation programs to reduce costs to farmers;
- g. increase support for limited-resource farmers; and
- h. support new technologies and industries such as ethanol production.



## **Major Themes and Recommendations of Participants**

The Secretary's Forum on Farm Income and Agricultural Policy brought together a very diverse group of presenters who shared their equally diverse viewpoints regarding ways to improve domestic farm income. Major themes and recommendations are listed below.

### **Domestic Perspective**

#### **The Structure of Production Agriculture**

- The average age of farmers is increasing. Very few young people are going into production agriculture. We have to make sure there is an adequate food supply. The present cheap food policy is threatening the very means of our existence. The future for our vast rural areas and the citizens who reside in them is questionable. (*Benton and Eastern Iowa Farm Feeders Co-Op and Iowa Farmers Union*)
- Agriculture is changing, and it is increasingly evident that many rural Americans have come to depend on other sources of income, including off-farm income. Jobs must be available in rural communities for spouses and other farm family members. We believe that value-added integration of agriculture can create modern processing, marketing and transportation industries which will be the lifeblood of many rural communities and those who live nearby. (*Farm Credit Services of Omaha*)
- When farmers can no longer own the land or make a profit from farming, not only will our rural communities continue to deteriorate, but a flight to the cities creates havoc in terms of increased unemployment and crime. (*Mr. Lowell Trom, Family Farmer, Blooming Prairie, MN*)
- Nearly 22 percent of all farm households nationwide fell below the poverty line in 1990. A major reason people are leaving agriculture, other than bankruptcy, is because they can't earn a decent living farming. Medium-sized farmers are being squeezed out because they are too large to allow them to work off the farm (as do a growing number of small farmer), yet do not have enough production units to make a decent living from farming (as do large farmers). (*Mr. Dale M. Cochran, Secretary of Agriculture, State of Iowa*)

- There is no doubt that the survival of the family farm system is in jeopardy. One need only observe the graying population, half-empty schools and churches, dying main streets and deteriorating farmsteads across the land. (**Center for Rural Affairs, Walthill, Nebraska**)

- Of the half million farmers lost the last few years, many were the younger generation needed for our replacements. We have to decide which way and how far we want to go. Do we want to go completely corporate, or do we want to put some pegs and stops in this thing and see the farms stay where they are or even increase in number? (**Mr. Earl Sime, Family Farmer, Radcliff, Iowa and Iowa Farm Unity Coalition**)

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#### **Heterogeneity of the Farm Sector**

- As agriculture becomes more diverse, and farm families develop multiple sources of income, it becomes harder to assess conditions and to develop useful policies. A one-size-fits-all farm policy may not be effective in addressing the divergent needs of both smaller and larger farms. (**Dr. David Freshwater, Associate Professor—University of Kentucky and American Bankers' Association**)
- Agricultural policy has had a sector orientation. It has dealt with a farm economy in its totality, not in its parts. Commodity programs implicitly assume a homogeneity of interests among the producers of a commodity. If one focuses attention on only a portion of the agricultural sector, one could threaten the future integrity of the programs. (**Able, Daft and Early and The National Grange**)
- Policies that have been directed to increasing farm income would be ineffective if we do not first have a clear idea how that income is distributed in the farm sector. (**The National Grange**)

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## Diversification

- Diversification is the key to revitalizing rural America and increasing farm income. We have to bring industry into rural America because income is not going to be solely from agriculture. (*Patrick Leahy, U.S. Senate and Chairman—U.S. Senate Committee on Agriculture, Nutrition and Forestry and E “Kika” de la Garza, U.S. House of Representatives and Chairman—U.S. House Committee on Agriculture*)
- We also need to encourage farmers to diversify their farms. More research on microbehavior of farming and better access to credit would assist limited resource farmers in developing alternative enterprises. (*Dr. Donald McDowell, Assistant Professor—North Carolina A & T State University*)

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## Encourage Rural Economic Development

- For several decades, Arizona farmers and ranchers have done their part to try and expand the number, type, and nature of agricultural crops produced. They have spent \$5 billion on new and emerging technology. The Universities and agribusiness enterprises have also contributed. But, a number of obstacles have kept us from achieving any material success from those efforts.
    1. The USDA has not encouraged these efforts and when a farm does not fit the “mold” it is discriminated against.
    2. We need more risk takers. The government is the major culprit in discouraging venture capital from agriculture.
    3. We must be as willing to reward those who try to grow industrial feedstock chemicals as we are to subsidize traditional crops.
    4. We must be as willing to support the chile pepper growers as much as we do the corn growers.
    5. We must reward the farmer who places a higher priority on protecting the environment than he does on protecting his checkbook. (*Arizona Farm Bureau*)
  - The vast majority of farm families depend primarily on off-farm income. Enhancing the current set of commodity programs is not the answer. A broader rural development initiative may be more effective in increasing the incomes of farm families. (*Dr. David Freshwater, Associate Professor—University of Kentucky*)
- Congress and USDA plus other Federal and State partners must revise policies for rural America to better reflect changes that have taken place over the past 50 years. (*U.S. General Accounting Office*)
  - We need to address the credit crunch in agriculture first of all. There needs to be some very innovative and dramatic changes in credit markets. We need more assistance programs for beginning farmers so that young people can remain in production agriculture. (*Intertribal Agricultural Council and Agricultural Women’s Leadership Network*)
  - The best rural development program possible is higher farm prices and a healthy farm economy. Today, our small towns and farming communities are withering. Main street businesses are closing. Young people are leaving for lack of opportunity. The reason behind this is the stagnation of farm income. That trend can and must be reversed. Attempts to diversify rural economic interests—tourist stops, hunting resorts, industry, even gambling—are not the answer to our economic problems. (*Associated Milk Producers, Inc. and National Farmers Union*)
  - We support the increased focus on rural development in USDA’s restructuring. Specifically, USDA should continue funding for research and extension programs, and continue partnerships with national agribusiness council. (*Leaf Tobacco Exporters Association, Raleigh, North Carolina*)
  - The farming community is in a financial crisis now because the profit margins are small which forces foreclosures. The issues to be addressed are low commodity prices, the banking industry, Federal Crop Insurance program, and the Food Stamp program. (*Ms. Susan Sawatzki, Wife of Farmer, Siginaw, Michigan*)
  - We fully support USDA’s priority of rural development. The prosperity of our towns and villages is a reflection of the prosperity of the surrounding farm communities. (*North Carolina Soybean Association*)
  - My focus today is how we can increase farm income and revitalize rural America. The reasons for low income levels are low commodity prices and the risks faced by farmers, including natural disasters, embargoes, disease, and market manipulation. To address these basic problems and reduce USDA budget outlays, there are several things USDA can do. Ethanol production and use must be

increased which results in new jobs for farming, processing, and construction. Second, USDA must stop dumping of foreign agricultural products into the U.S. by assessing tariffs and duties on imports from countries which do not have similar wages and costs of production. Third, increase use of the export enhancement program to fight unfair subsidizing of other nation's products. Fourth, reduce wasteful paperwork and record-keeping by streamlining ASCS reporting requirements so that reports accurately reflect farm operations. (*Ms. Peg Malone, Concerned Citizen, Burt, Michigan*)

- My comments focus on what USDA can do to improve farm income through agricultural sustainability. The areas of activity are marketing, farm services, lending, commodity programs, rural development, research, and trade. Thus, I recommend the following actions by USDA. Encourage support for the Farmers Market/WIC program and examine other food assistance programs that can match needs of the hungry with those providing the food. USDA should look at public support for conservation measures enacted by farmers such as reduction in pesticides and herbicides. Use FmHA guaranteed loans to leverage support for sustainable enterprises by farmers and community members. Join members in Congress in holding a forum to focus on sustainable agriculture. Increase funding and outreach for the sustainable provisions of the 1990 Farm Bill: OFPA, IFMPO, WQUI, and SAREP. Finally, USDA should work closely with the President's Council on Sustainable Development. (*Rural Advancement Foundation International*)
- I disagree with the first panelist that we shouldn't combine efforts towards agriculture and social areas. I feel the two areas are related. I ask that we consider past efforts at urban development as a metaphor for rural development. In spite of the glass buildings and parking lots built during the 60's and 70's, there are still homeless and jobless in the cities. The social aspect of agriculture is important. A farmer run off the farm will end up in the city and we will pay the social costs associated with unemployment. USDA must make funds available to small farmers. (*Mr. Louis Dozier, Farmer, North Carolina*)
- According to state sources, low farm income levels have resulted in the loss of 2,000 farms in the State of Kansas between 1991 and 1993. The specific causes of farm foreclosures in rural areas are devalued property values, tighter credit, and declines in commodity prices. USDA policy-makers must work with rural residents when "reinventing the wheel" of farm policy. Local "model" organi-

zations must be funded that work with farmers and communities. Finally, multi-national corporations that move into rural areas have an obligation to pay a fair price for the raw materials and resources they exploit. (*Catholic Diocese of Dodge City, Kansas*)

- The tobacco regions of America are faced with many problems. The Community Farm Alliance proposes that USDA support the establishment of a Tobacco Region's Reinvestment Fund (TRRF). The purpose of TRRF is to issue Commodity Credit Corporation loans, tobacco-quota-retirement credits, and grants. All of these activities may assist in the development of diverse agricultural enterprises in America's tobacco growing regions. (*Community Farm Alliance*)

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### Improve Government Support for Limited-Resource Farmers

- Black farmers are still on the farm because of the moratorium imposed by USDA on farm closures. We want to remain owners and operators of our farms. By the year 2000, there will be no more black farmers who own their farms and receive all their income from farming. Most black farmers don't qualify for the limited resource and social disadvantage programs provided by USDA. These programs can save black farmers. Enforcement is the element that is always forgotten. (*Mr. Philip J. Barker, Farmer, Oxford, North Carolina*)
- The impact of the agricultural crisis is especially acute for minority farmers who go out of business at over three times the rate of majority farmers. The causes of this land loss are denial of credit, discrimination towards assistance programs, and manipulative property transfers. Much of the discrimination can be traced to employees of local FmHA offices, not to mention simple neglect where farmers never learn about support services available to them. (*Land and Loss Prevention Project, Durham, North Carolina*)

- The ANR program leaders suggest the following to help efforts of limited-resource family farmers. USDA should continue the Farmers Home Administration Socially Disadvantaged Farmers Outreach and Technical Assistance Program. USDA programs should be considerate of alternative crops and sustainable agriculture producers. USDA should increase assistance to 1890's and other small-scale agriculture groups to assure they retain their land. A national coalition should be organized to assist farmers in marketing and exporting their products. Finally, youth should be encouraged to become involved in agriculture production. (*Mr. Daniel M. Lyons, ANR Program Coordinator, North Carolina A&T Cooperative Extension Service*)
  - The most important problem facing African-American farmers is lack of access to capital. Another problem, according to the 1982 Civil Rights report, is that there are few African-American staff members in the agencies that make decisions about agriculture. The report also cited inequities in loan approvals and amounts. Our recommendation is for FmHA to restore a direct loan provision to be used for a revolving loan fund for nonprofit organizations such as Rural Advancement Fund (RAF) that work with minority farmers. (*Rural Advancement Fund Fremont, North Carolina*)
  - Many black landowners have gotten out of farming because the old methods of farming are unprofitable. Cross training is one way to bring farmers back to work. For example, black farmers could be taught new skills such as how to operate trucks and bulldozers. An education program could be designed like a business plan with courses and objectives. Give Fennell's Institute funding and we will help turn the economy around in North Carolina. (*Mr. Homer Fennell, Educator, Wilmington, North Carolina*)
  - There is no profit left in farming, and equipment being used is 20 years old. People say that by the year 2000 there will be no black farmers left. USDA must take the lead in ensuring a healthy agricultural sector that is profitable. (*Mr. Tom Gilmore, North Carolina State ASCS*)
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- If you would double the price farmers receive for their products, U.S. consumers would still have the cheapest food in the world. Higher farm prices would encourage producers to invest more in rural areas, purchase more machinery, etc., and would stop the outmigration of young people from the land. (*Benton and Eastern Iowa Farm Feeders Co-Op*)
  - If excess capacity is used to produce grain, the price will be lowered to a level where producers cannot survive without excessive government subsidies. Maintaining productive capacity as set aside acres provides food security, but at a price which will allow producers to receive their income from the marketplace instead of from government subsidies. (*Nebraska Wheat Board*)
  - Not a week goes by that I don't hear a farmer blame the farm economic problem on a national cheap food policy. The government should find out how a national cheap food policy is perpetuated and simply stop it. (*Mr. Ralph Watkins, Syndicated Farm Columnist*)
  - We have very low commodity prices now. They are not near parity. Farm parity is lower now than it was during the Great Depression. If the present situation continues, the farm crisis of the 1980s will look like a Sunday school picnic in comparison to the crisis we will have in the 1990s. (*Mr. Lowell Trom, Family Farmer, Blooming Prairie, MN and Mr. Earl Sime, Family Farmer, Radcliff, IA*)
  - Our top priority is to seek ways to improve net farm income and enhance economic opportunity for farmers. We believe that is best done by market-orientation, adhering to the law of supply and demand, with limited government action. (*Kansas Farm Bureau*)
  - USDA needs to work to enable farmer-businessmen to have opportunities to set our own prices for the products we produce like every other businessman. What we need, for example, is \$3.00 or \$3.50 corn with advice so food prices don't get so high that people can't afford food. (*Mr. Ron Tigner, Family Farmer, Lehigh, IA*)

- This nation and the world is suffering tremendous debt crisis because raw materials are not priced at the adequate level of 90 percent parity price floors to 115 percent parity price ceilings. I ask the Secretary to raise the parity price index on cash grains to 90 percent immediately. That action alone would save taxpayers billions of dollars of farm subsidies. It would also strengthen farmers' financial position. (*Mr. Larry Ginter, Family Farmer, Rhodes, IA*)
- While it is all well and good to go around debating the merits of rural development, enterprise zones, increasing foreign trade and either continuing or discontinuing certain government farm programs, the quintessential issue facing agriculture today is paying a fair price to farmers. By assuring that farmers get a fair price for what they plant, grow, harvest and produce we not only engage in the soundest form of rural economic development we are also nourishing our entire economy. (*PrairieFire Rural Action*)

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### The Role of Government in Increasing Farm Income

- The USDA must take the lead role in supporting American food producers. Export programs, foreign marketing, ag research, and alternative use products must be directed to assist the producer, not only multi-national agribusiness. The entire food chain depends on production which can continue only if the producer is allowed to make a profit. Although only 18.5 percent of the USDA budget is spent on commodity programs or assistance to production agriculture, USDA figures often reflect a different story to the general public. (*Women Involved in Farm Economics (WIFE)*)

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### Price Support Program

- Agricultural policy cannot successfully defy gravity in an economic sense. We've had a lot of experience in trying to do this, ranging from price controls, price supports at excessive levels that were unsustainable, supply controls in a variety of forms, and parity measures. All of these eventually have proven to be costly and ineffective. The lesson is that markets usually do a better job of allocating resources than do governments. (*Able, Daft and Early and The National Grange*)

- We should provide a safety net for producers that affords a measure of support for stability without either inhibiting flexibility or distorting market price signals. (*American Farm Bureau Federation*)
- Maintain loan rates below market-clearing levels. (*National Grain and Feed Dealers Association and the National Grain Trade Council*)
- The main problem we've had for years is that Farm Bills have ignored the fact that we have to have a price for our production that covers the cost of production plus a profit. To turn the situation around, we have got to begin with raising loan rates. (*Farm Aid*)
- Increase loan rates. (*National Farmers Organization*)
- Establish a minimum price that covers cost of production. (*National Farmers Organization*)
- U.S. loan rates set the world prices on grains. Why our policy dictates the producer will sell his grain for less than its costs to produce is a mystery. Allowing the farmer a profit from vital natural resource production would lower taxpayer costs for farm programs, stimulate the economy and reduce the deficit. These loan rates can be raised by the Secretary of Agriculture. (*Women Involved in Farm Economics (WIFE)*)
- We must change direction and change philosophies. The level of price supports available should be increased, not continually ratcheted lower. Loan rates should be raised which would stimulate market prices and decrease deficiency payment needs.

Simultaneously, target prices should be indexed and acreage reduction requirements could be increased to offset costs. (*Rocky Mountain Farmers Union*)

- Why should we continue a policy of using a low loan rate, below cost of production, to set the floor on world wheat prices when taxpayers have to pick up the difference and add to the national debt? The irony of this is that each year we continue these abysmally low loan rates, farmers' incomes sink to lower levels and more people in this most productive segment of our economy go out of business. We need to raise our loan rates. (*Washington Women Involved in Farm Economics (WIFE)*)

- We are getting the same price for corn and wheat we got years gone by. We would like you to quickly raise all support prices close to the target price. At the same time the grain trade will have to match it. You can tell the processors and the public in print that they do not have to raise the retail price at all because they already have enough price spread. (*Mr. LeRoy Paulson, Family Farmer, Dodge Center, MN*)
- If we are ever to get prosperity for farmers and get a handle on the deficit, we must come back to common sense by having USDA use its authority to raise commodity prices according to the Steagall Amendment (an amendment which guaranteed farmers 90 percent of parity during World War II). (*American Ag Movement of Iowa*)
- Some suggest a \$2.00/bu. loan rate for corn so we can meet expenses, store, and wait for the market to improve. Others suggest raising loan rates to cover cost of production and eliminating the deficiency payment. (*Mr. Ralph Watkins, Syndicated Farm Columnist*)
- The sole theory of the 1995 farm bill should be a profitable market price for family farmers. A good benchmark to set would be for loan rates to be established at the average cost-of-production for each separate commodity. Target prices would then be established at the average cost-of-production plus a reasonable profit. Target prices should be targeted to units of production and capped to limit government budget exposure. (*Iowa Farmers Union*)
- The idea of lowering loan rates to depress market prices and make our products more competitive has not worked. We started a price war which has gone on for more than 12 years. (*National Farmers Union*)
- We need to gradually increase loan rates until cost of production and profit is put back into agriculture. Loan rates provide a floor under prices worldwide. (*Iowa Farm Unity Coalition*)
- Raise loan rates for corn, soybeans, and wheat to \$2.30/bu., \$5.90/bu. and \$3.50/bu., respectively. Extend loan period to 18 months and no loan forfeitures. (*Mr. Alan Roebke, Radio Host and Farmer, Hector, MN*)
- The 1995 farm bill should assure farmers a modest safety net for producers to assure stability without road blocks to flexibility and opportunity, and without impediments to farmers as they seek to respond to market signals. (*Kansas Farm Bureau*)
- Economic survival for agricultural producers demands great attention to production management decisions, marketing skill and financial planning. It is a very competitive environment, and the opportunity to fail is very real. Under these circumstances, it is virtually impossible to provide a domestic support program for agriculture that attempts to ignore or negate the market conditions. (*Minnesota Farm Bureau*)
- We should acknowledge that government funding for agriculture is going to continue declining so that future income growth must come from the marketplace. The government should make every effort to provide an economic "safety net" for farmers. But that safety net should provide some income risk protection without the harmful side effect of limiting future potential growth. (*Iowa Grain and Feed Association*)
- We recommend returning loan rates to 1984 target levels (corn, \$3.03/bu., and wheat, \$4.38/bu.) accompanied by the elimination of the target concept, which would eliminate deficiency payments. Also, extend the loan period to a minimum of 18 months, allowing producers the ability to extend their marketing opportunities without being forced into the market prior to harvest. (*National Farmers Organization*)
- We recommend eliminating all deficiency payments by raising loan rates of commodities to target prices. (*American Corn Growers Association*)
- I believe that all new wealth (raw resources) must be priced at parity (cost of production plus a reasonable return on investment). If this is not done, the economy and the nation will not receive the total earned income that it deserves, and the people and the government will be forced to borrow money to make up the difference. With a parity pricing law, such as the Steagall Amendment of the Defense Act of 1942, we could eliminate direct subsidies to farmers, target prices and most of the red tape and bureaucracy in USDA and ASCS offices. (*Hardin County Farmers Union*)
- We support a market-oriented supply and demand structure whereby farmers will receive commodity prices that meet or exceed the cost of production for price parity, through non-recourse CCC loan programs and supply-management mechanisms approved by farmers. (*The Rural Caucus (Iowa Democratic Party)*)

- The bottom line in U.S. farm policy is still as simple and straightforward as it has always been: we need to get the loan rate up to the cost of production. (*PrairieFire Rural Action*)
- We are facing very precarious times in Arizona. The whitefly has proved to be a large problem and has caused the cost of farming to increase greatly over the past few years. Arizona producers are largely dependent upon the farm program and we encourage you to continue it in its present form. Small communities benefit just as much as the farming or agricultural interests. In Arizona, rural communities are largely dependent upon cotton farming for their survival. (*Arizona Cotton Ginner's Association*)
- We continue to support the existing structure of the present farm program. Because of the Savings and Loan crisis the equity in our land has declined. We cannot finance our operations or crop loans from this equity but instead rely upon the collateral provided by USDA's cotton program. Additionally, many rural businesses depend upon cotton farming for their livelihood and if cotton producers become financially vulnerable the rural businesses will follow shortly. (*Arizona Cotton Growers' Association*)
- We recognize that production disincentives and federally financed reserves and set aside programs are not the long-range solution for a depressed farm economy. The traditional price support system succeeds in maintaining a cheap food policy for the American consumer, at the expense of the health of the farm economy. In considering farm programs, we ask that you look at net impact in addition to program costs. For example, the Wool Act functions at no net cost to the consumer, supported entirely by tariffs on imported wool. We also ask that you keep two things in mind, first, any change made to farm programs be implemented over a period of time, not as a sudden shock to the agricultural producer's bottom line. Second, we are concerned that farm program cuts, made to cut our budget deficit, could erode our international negotiating position with regard to the General Agreements on Tariffs and Trade. (*American Agri-Women*)
- Farm program adjustments must be tempered to prevent sudden dislocation to producers, agribusiness and lenders. (*CoBank Denver, Colorado*)
- On the issue of set-aside acreage, we request a change in the policy to enable a farmer unrestricted planting of non-program crops once the wheat crop is harvested. Currently, farmers must idle acreage in order to comply with the wheat program. (*North Carolina Soybean Association*)
- The honey-bee industry in North Carolina has problems in the wake of the 1993 honey disaster. In disaster provision regulations of the Farm Bill, one cannot decide which honey is marketable and which is not. In the disaster program, there are also no provisions to replace honey in the brood box. Bees are lost in great numbers due to use of pesticides in apple production. USDA needs to educate growers on the use of pesticides. Finally, there is a problem with the backyard hobby beekeeper. We request that authorities require that all beekeepers register their bees to be inspected. (*Mr. David J. Noles, Lincolnton, North Carolina*)
- Organic peanut farmers are discriminated against for growing peanuts for export markets unless they have a peanut quota. The Peanut Growers Association interest is not in foreign markets but in controlling the domestic market. There are U.S. export opportunities for U.S. organic peanuts in Canada, the Netherlands, England, and Japan. USDA must change the quota system to enable participation by organic peanut exports. (*Organic Crop Improvement Association*)
- My forest landowner clients reforested approximately 3,000 acres through assistance of the local ASCS office's Forestry Incentive Program (FIP). I am against the proposal to replace FIP by the Stewardship Incentive Program (SIP). The FIP is easy to use and efficient, while the SIP involves unnecessary government bureaucratic involvement because of the number of agencies that play a role. (*Henderson Forestry Consultant Company*)
- USDA should study the impact of the recent law passed requiring all U.S. cigarettes contain 75 percent U.S. grown flue-cured and burley tobacco. Approximately 60 percent of flue-cured tobacco is exported, mixed with 500 million pounds of imported tobacco. This new content requirement mandates that we now compete with cigarettes made from 100 percent foreign tobacco. We also recommend that USDA study tobacco's marketing system: the profitability of current market facilities, delivery volume, and the grading process. Finally, USDA should change the regulations regarding burley quotas so that forfeited quotas are reallocated to growers in the same state. (*Tobacco Growers Association*)

- The American farmer is in trouble as evidenced by bare fields and poverty. More and more farmers are going bankrupt because of high expenses and low commodity prices. Farmers are asking USDA to help them lead a more comfortable life so that farming does not become a memory. (*Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan*)
  - Farm profit loss is the most serious challenge facing agriculture production. We are “price takers”. Unfortunately, commodity prices are not sufficient to cover farm input costs, rural property taxes, and living expenses. Why don’t farmers receive a fair return on their investment in capital and labor? (*Women Involved with Farm Economics, Shorterm, Alabama*)
  - The federal price support system has also not helped the dairy producers. (*Mr. Tom Garrison, Dairy Farmer, Harmony, North Carolina*)
  - ASCS programs and the Board of Trade practices ensure that farm prices are below the cost of production. (*United Farmers Organization*)
  - The farming community is in a financial crisis; profit margins are small which is forcing foreclosures. One of the issues is low commodity prices. To increase commodity prices and farm income, we should increase grain trade with foreign countries using the barter system. The loan rates should be raised so that commodity prices are more in line with inflation; this action would obviate the need for deficiency payments. (*Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan*)
  - While it is true that there is no reason to limit production when it encourages your competitors to expand, it is also true that there is no reason to produce grain when it merely contributes to increased ending stocks and depressed prices. USDA’s own analysis projects a 0-percent ARP for 1994 wheat to add 100 million bushels to ending stocks. (*Nebraska Wheat Board*)
  - We must consider the merits of sound supply management in this world of excess capacity. (*National Farmers Union*)
  - We should implement a 10% set-aside for wheat and feed grains unless the target price is reached for a 30 day period at the time of the announcement of the set-aside. Confirm orders for exports before the set-aside is set. If demand is not there, raise the set-aside. (*Mr. Alan Roebke, Radio Host and Farmer, Hector, Minnesota*)
  - Set-aside requirements must be minimal. The larger they are, the more detrimental to net farm income because higher set-asides force productive acres to cover more of the fixed costs of farming. (*Kansas Farm Bureau*)
  - While supply-management can still be a tool for stabilizing farm production and commodity pricing, its usefulness is being further diminished by changes in trade policies. When domestic markets are opened to foreign imports, supply-management becomes increasingly counterproductive. (*North Dakota Farmers Union*)
  - There are promising growth markets that could lead to higher income, but the only way these markets can grow is if we permit the farmer to respond to the market. Unduly restricting supply will cut off market growth. The United States farms only 11 percent of the world’s arable acreage. A government-dictated 10 percent reduction in U.S. planted acreage can be replaced by foreign farmers increasing plantings by a mere 1 percent. (*Iowa Grain and Feed Association*)
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- ### Additional Measures to Support Agriculture
- Permit immediate entry into the farmer-owned reserve, and, if necessary, permit CCC purchases. (*National Farmers Organization*)
  - Remove the 50.04 percent cap on disaster program payments. (*National Farmers Organization*)
  - Defer Farmers Home Administration interest and principal payments on existing loans. (*National Farmers Organization*)
  - Maintain a strategic world food reserve where costs are shared by competitors and importing countries. (*National Farmers Organization*)
  - Continue the National Wool Act. (*American Sheep Industry Women*)
  - Maintain the current honey loan program and protect against market-damaging imported honey. (*American Beekeeping Federation, Inc.*)

## New Directions in U.S. Agricultural Programs

- We should eliminate current Federal crop subsidies, financing and commodity buying programs. Farmers and stockmen should be allowed to produce at will, but be given marketing certificates each year so they could only sell what the domestic and export market would absorb. Prices for covered commodities (program crops, soybeans and dairy products) should be set monthly by USDA under the direction of a National Board of Producers, which would be elected by the producers of the covered commodities. (*Mr. Sever Peterson, Family Farmer, Eden Prairie, MN*)
- Participants in every one of our Iowa Farm Bill Study Task Force meetings have shifted their ideas from "tinkering" with existing programs to agreeing that there is an immediate need to reconsider past policies and create new farm program policies. There is no such thing as an average farm. Different forms of assistance may be needed and size should not be the sole criteria for program eligibility. (*Iowa Corn Growers Association*)
- Small and medium-sized family farmers have little or no bargaining power over the prices they pay for inputs or what they will receive for their production. I am recommending the establishment of a national system of marketing cooperatives, marketing associations, or bargaining units consisting of farmer members to negotiate with buyers for the prices farmers should receive. (*Mr. Dale M. Cochran, Secretary of Agriculture, State of Iowa*)
- We should consider eliminating deficiency payments, crop loans, set-aside acres and crop bases and replace them with a conservation payment equal to expected 1993 deficiency payments. Farmers would have to maintain an acceptable conservation plan. Agriculture will be more profitable if we are given a chance to produce what the consumer wants in an environmentally friendly way. Our chances to improve exports will increase when we learn to produce what they want and not what our government bases tell us to. (*Mr. Harlan R. Anderson, Family Farmer, Cokata, MN*)
- To correct the situation of disparity between agriculture and the rest of the economy, I suggest programmed marketing. Under this plan, all storable commodities would be stored at harvest time. Each producer would market one fifth of the crop each quarter, with the last fifth going into a reserve. This level of marketing would bring 90 percent of parity from the market. After 5 years, each producer would have a full crop in reserve. At that time, the

producer would not need crop insurance or disaster payments because there would always be something to sell. Foreign countries would need to buy and store their own reserve. We can no longer be the ever-normal granary.

(*Mr. Francis L. York, Retired Farm Analyst*)

## Miscellaneous Policy Issues

- We encourage the Secretary to implement the Targeted Option Payment (TOP) program to allow producers to better match the farm program to their particular needs. (*Nebraska Wheat Board*)
- We encourage USDA to facilitate distribution of high quality nutrient-rich food, such as beef, for the school lunch program. (*Iowa Cattlemen's Association*)
- Giving ethanol a tax credit should increase feed grain prices, reduce deficiency payments, and reduce our reliance on foreign oil. We should keep all farm energy inputs such as gas, diesel, propane, farm pesticides, and fertilizer, tax exempt. And, we should maintain the OSHA exemption for family farms with less than 10 employees. (*Iowa Young Farmers Education Association*)
- Do not lower payment limitations. Family farms which push the \$50,000 payment limit must keep their operation at least that big to cover overhead. (*Iowa Young Farmers Education Association*)
- The economic health of the livestock industry is critically important to the economic health of the corn producer. Helping develop solutions to the environmental, animal health, new product and market access problems facing our nation's livestock producers creates new income opportunities for corn producers and our rural communities. (*Iowa Corn Growers Association*)
- Rather than eliminate the honey program, it could be operated without cost while maintaining the integrity of the program so producers could receive interim financing, but not income support, by using recourse loans. (*Minnesota Farm Bureau*)
- We must enforce anti-trust laws to resurrect a competitive marketplace among the processors, marketers, and retailers. (*National Farmers Union and Iowa Farm Unity Coalition*)

- Cheap grain prices, EEP, USDA promotion money, and other policies have been to the detriment of farmers and to the benefit of corporations. I truly believe that our country and our democracy will fail if we don't take drastic action to break up the corporate monopolies. It is time for the Secretary to strictly enforce the antitrust laws on the books. It is also time for new laws to deal with the monopolization of our food and agriculture industries.  
*(Mr. Gary Hoskey, Family Farmer, Montour, IA)*
  - We must redirect USDA agricultural research programs to enable family farmers to maintain a significant share of agricultural income. We must emphasize research that pursues efficiency by developing the knowledge with which farmers can make more effective use of their management skills to reduce the need for purchased products and thereby capture a larger share of the agricultural dollar.  
*(Center for Rural Affairs, Walthill, Nebraska)*
  - I urge you to take strong action in implementing the beginning farmer provisions of the 1990 Farm Bill and the 1992 Agricultural Credit Improvement Act. I also urge you to soon appoint the Beginning Farmer Advisory Committee mandated by the 1992 Act and to encourage the states to take positive steps in implementation of beginning farmer programs.  
*(Center for Rural Affairs, Walthill, Nebraska)*
  - The CCC should be funded as a revolving fund, so that loan repayment returns to CCC and not the general treasury. CCC would then become a premier example of a self-sustaining division of government and the USDA.  
*(National Farmers Organization)*
  - We recommend establishing a disaster reserve program. Each farm unit would establish a percent of its annual average production in a special reserve and be responsible for maintenance. USDA would assist with loans and annual storage payments. Producers could draw down reserves during short crop years and replace them during good years. This program would replace the current reserve programs, disaster assistance programs and federal crop insurance.  
*(American Corn Growers Association)*
  - USDA should take the following actions to stop waste from heat-drying grain and to restore greater profitability to American farmers:
    - (1) Re-implementation of the grain storage facility loan enabling farmers to upgrade and build on-farm grain storage;
    - (2) The commissioning of the Agricultural Research Service and the University Extension Service to educate farmers to greater values preserved in grain managed under seed-sensitive procedures; and,
    - (3) The enabling of farmers to direct-market identity-preserved grain in domestic and in international markets.  
(Mr. Vince Steffen, President, Harvestall Industries, Inc.)
  - We urge the Secretary to continue to support the National Farmer's Market Nutrition Program. Funding of this program not only helps the program user to a more nutritious diet, it also provides increased opportunities for our fruit and vegetable producers.  
*(Iowa Fruit & Vegetable Growers Association)*
  - We suggest an optional marketing loan for durum as a pilot program. We must investigate a market oriented approach to obtaining fair trade with our competitors, specifically Canada.  
*(U.S. Durum Growers Association)*
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- ### Maintain Competitive Domestic Agricultural Markets
- Reduce or phase out acreage reduction programs.  
*(National Grain and Feed Dealers Association, National Cotton Council and the National Grain Trade Council)*
  - Improve conservation reserve program.  
*(National Grain and Feed Dealers Association)*
  - Maintain safety-net income support programs and disaster assistance.  
*(National Cotton Council)*
  - Maintain the Agricultural Cooperative Service at a sufficient level to provide service to the Co-op Community.  
*(CoBank Denver, Colorado)*
  - It is virtually impossible to provide a domestic support program for agriculture that attempts to ignore or negate market conditions. Reliance on market orientation is the most effective and sustainable method of achieving proper economically and politically justifiable farm policy.  
*(American Farm Bureau Federation)*

## Targeting of Program Benefits

- In the face of our budget deficit, it's unrealistic to think that we're going to increase Government payments to increase farm income. However, we can do a much better job of making sure the money we do spend is better targeted at helping average farm families. Strict means testing may assure that the benefits of Federal farm programs accrue to the broadest possible number of family-sized farms. (*Senator Leahy and the National Grange*)
- In conjunction with the 1995 Farm Bill, we recommend that price supports be targeted to units of production and capped to limit government budget exposure. Consequently, farm income will increase because of better market prices and producers will become less dependent on deficiency payments. (*Rocky Mountain Farmers Union*)
- Targeting farm program benefits to the production levels of family farmers would provide a viable and reliable safety net for family income, while allowing the largest farmers to assume the challenges and risks of the marketplace if they are willing to do so. Targeting can be accomplished by establishing realistic overall, per program, and volume (bushel) based commodity loan and deficiency payment limitations as well as tiered marketing quotas, set-asides, and other price support mechanisms. (*North Dakota Farmers Union*)
- We need to allow farmers to hold referendums on how to limit their production. Also, farm program benefits need to be limited to family-sized farms. (*Ralph Watkins, Syndicated Farm Columnist*)
- USDA must do more to address the erosion of family farming if it is to have a future. At a minimum, we must reverse those policies currently in place that subsidize farm consolidation and industrialization, at the expense of family farm opportunities. One of the best ways to start is by more effectively targeting commodity program benefits to moderate-sized farms. (*Center for Rural Affairs, Walthill, Nebraska*)
- If we want to keep the family farm we will have to support acreage per farm at different levels. (*Mr. Earl Sime, Family Farmer, Radcliff, Iowa*)

- We support moving away from farm programs that reward large mega-farmers. We think the wealthy farmers and corporations would do very well without government farm subsidy support. (*Iowa State Grange*)
- We have to look at higher price supports which are targeted to units of production, and cap the Government exposure on the amount of units that are supported. This will increase farm income and not increase Government costs or deficiency payments. (*National Farmers Union*)

## Sustainability of the Environment

- We should protect private property rights of land owners through offering voluntary incentive-based environmental and conservation programs. (*American Farm Bureau Federation*)
- Voluntary programs are not entirely favorable, but they are a start. At some point, we're going to need additional requirements for that small fraction of farmers who won't go along with a voluntary approach. We need to shift assistance more towards compensating producers for their environmental and conservation investments. (*Environmental Working Group*)
- Farm programs currently do nothing to encourage a reduction in chemical use or the adoption of resource-conserving crop rotations. There would be broad-based support for reforms which make commodity programs more responsive to food safety and environmental safety. (*Public Voice for Food and Health Safety*)
- Science-based approach to policy, rules, and regulation is needed. (*Representative de la Garza, Rice Millers Association, Consultant-Rumler and the National Cotton Council*)
- Protection of private property rights is of highest priority. When property rights are taken due to regulation, the federal government should be required to pay just compensation to the landowner. (*American National Cattle Women, Inc.*)
- As the Conservation Reserve Program is being phased out and CRP lands return to production, there must be a strong Stewardship Incentive Program in place. Reconsider extending the CRP Program. (*National Association of Conservation Districts*)

- Reauthorization of the Federal Clean Water Act is among the top issues on the Conservation District agenda. (Senate Bill, S 1114, Water Pollution Prevention and Control Act of 1993). Conservation Districts are recommending provisions to provide new authority for voluntary watershed planning and management to ensure consistency with other federal conservation programs.

*(National Association of Conservation Districts)*

- America's conservation districts consider the new Wetland's Policy a major step towards consensus, coordination and cooperation in protection and regulation of the nation's wetland resources. It should end agency conflict while offering a fair, flexible approach and a means of simplifying the process of wetland determination. Conservation districts welcome the emphasis on the voluntary approach that provides information and technical assistance to land managers. *(National Association of Conservation Districts)*

- Production adjustment and loan programs should be consistent with natural resource management programs. *(National Association of Conservation Districts)*

- We should shift a portion of benefits from Federal farm programs away from production towards environmental considerations. *(Environmental Working Group)*

- Environmental concerns are increasingly a topic during policy debates. Although stewardship of the land and water is our number one priority, an economic incentive must be in place if we expect a high degree of environmental care. The ability to spend on environmental improvements on the farm is limited by the serious lack of income we face. A profitable and less intensive agriculture will create better environmental stewardship. *(Rocky Mountain Farmers Union)*

- We in agriculture must be properly educated so we can survive, and if the USDA cannot do the job, who can? We need education on the effects of DDT residues called DDE. We must have education and knowledge on DDE. Very little has been done with DDE because authorities don't know what to do with it. We need indepth education on DDE and means of deletion, not the cure nor the prevention of cancers, birth defects and heart disease but the elimination of the cause, at least for one leading culprit DDE, inhalation and ingestion (both). *(Clean-Up Rural Environment)*

- Comprehensive pesticide use reporting data would be particularly helpful to USDA in establishing pest control research priorities such as the whitefly issues. The data would allow USDA to target those crops and regions that have either had the greatest success or need the greatest assistance in reducing reliance on pesticides. All reviews of alternative pest control methods must include low-input approaches and practices being promoted in farmer to farmer networks, whether or not they are linked to the USDA. USDA research funds should be targeted to the development of integrated systems-based approaches that minimize the use of chemicals, on a cluster basis, where possible. The Federal government, through Extension Service and other means, should disseminate research and provide assistance to lessen dependence on such pesticides and facilitate a shift to least toxic pest control methods. Biopesticides essential to such approaches should be given registration priority. *(Mr. Mark Grenard, Concerned Citizen—Tempe, Arizona)*

- We have to continue with the conservation effort and expand it. At least 20-25 percent of eligible acres should be set aside each year with the appropriate subsidies. The Conservation Reserve Program (CRP) should be enlarged and extended. *(Benton and Eastern Iowa Farm Feeders Co-Op)*

- We must be sure we do not create conflicting objectives by using farm income support and risk reduction policies as a means to achieve environmental goals. Producers should be rewarded for implementing improved environmental production techniques instead of forcing practices upon producers as a condition of their income risk protection. *(Iowa Corn Growers Association)*

- We must address the need for sustainable agriculture, defined as a system that protects our environment and preserves our natural resources, while at the same time economically sustains our family farmers and rural communities. *(Mr. Dale M. Cochran, Secretary of Agriculture, State of Iowa)*

- We support and practice sustainable no-till crop production to stop soil erosion. The Food Security Act is a positive step in the right direction, but no-till farming with 100 percent ground cover is the ultimate answer. *(Mr. David Iles, Dairyman, Littleton, North Carolina)*

- The dairy industry has important environmental benefits for Minnesota, allowing farmers to plant legumes that decrease soil erosion and allows them more options for crop rotation. *(Minnesota Farm Bureau)*

- USDA funding for production and utilization research is vital. USDA's programs must account for the use of demonstrated cutting edge practices and technology, including soil conservation programs, wetlands management, and implementation of any other potential environmental regulations. USDA must strive to position itself as the lead organization in the development of federal environmental education programs and policies. (*Iowa Soybean Association*)
- We recommend establishing a bushel or pound base for each farm unit that would be eligible for price support. Coupled this would be a strong supply control program including a rotating land reserve and soil restoration program based on the tillable acres of each farm unit. CRP could be phased back into production with this program. (*American Corn Growers Association*)
- We promote no-till as the best crop residue system to protect our soils and water and improve producer profitability. No-till provides an additional week of moisture during drought compared with conventional tillage. Water quality is also improved with no-till as evidenced by lower pesticide levels in run off. Cost savings on fuel will offset the increased costs of using herbicides needed under the no-till system. We need continued research provided by the ARS and land grant universities. (*North Carolina Crop Residue Management Alliance*)
- A new definition of highly erodible land needs to be attained. Retiring up to 25 percent of a county can permanently disengage the farming operation in that county. It will be impossible to enforce conservation compliance without a large increase of non-needed employees. (*Mr. Terry Harrington, Family Farmer, Marengo, IA*)
- The team of soil and water conservation districts including a natural resources component of USDA, state agencies, business and environmental interests needs to be at the heart of the infrastructure with a voluntary incentive-driven program. (*Iowa Association of Soil and Water Conservation District Commissioners*)
- We encourage expansion of incentive-based approaches to natural resource management. The Department should move towards a total natural resource management approach that would incorporate goals related to soil erosion control, water quality protection, conservation or wetlands and wildlife, and consumer safety. (*Izaak Walton League of America*)
- The recent Federal wetlands policy announcement recognizes the importance of quality wetlands as well as quantity, and offers the proper perspective between non-regulatory vs. regulatory approaches to protect wetlands. We support the decision to establish SCS as the lead federal agency for agricultural wetland determinations. (*National Association of State Conservation Agencies*)
- Production adjustment and loan programs should be consistent with natural resource management programs. As the Conservation Reserve Program is being phased out and CRP lands return to production, there must be a strong Stewardship Incentive Program in place. Give consideration to extending CRP contracts. (*National Association of Conservation Districts Auxiliary*)
- We also support USDA's current strategy of encouraging changes in farming strategies to improve environmental quality through education and financial incentive rather than regulations. (*North Carolina Agribusiness Council*)
- We are against the rigid language of the Delaney Clause which blocks the use of many important chemicals—environmentalists are tipping the balance in their favor at the expense of U.S. agriculture. (*North Carolina, State Grange*)
- In addition to our traditional conservation programs, our districts are also implementing the North Carolina Agricultural Cost-Share Program and helping farmers meet the conservation requirements of the 1985 and 1990 farm bills. These efforts to solve natural resource problems can only be continued with the partnership of USDA's Soil Conservation Service and our local soil conservation districts. (*Association Soil and Water Conservation District, Hillsborough, North Carolina*)
- I do not support the proposal to transfer conservation programs of ASCS to the Soil Conservation Service. The committee systems mentioned above fairly provide cost-share dollars to those farmers with conservation needs. (*Mr. J. Larry Barbour, Farmer, Clayton, North Carolina*)
- Quality determines whether products will be purchased or docked, and we must ensure that farm inputs are available to enhance this quality. However, USDA recently proposed changes in pesticide regulations that may negatively impact on farmers' profits. What is USDA's definition of IPM? Reduction of pesticides should be a goal, but do not expect zero detection. The conservation calculation for tolerance standard, as proposed by USDA, is very inaccurate. (*Ciba-Geigy Corporation*)

- Animal care is in the best interests of the producers, guaranteeing him a healthy, high-quality product. Environmental over-regulation will threaten cattle production, so the program must remain at the state and local level to ensure relevant measures are being taken. (*American National Cattlewomen*)
- The Agricultural Resources Center (ARC) urges USDA, in concert with other public agencies and organizations, to support the transition to sustainable agriculture in the following ways. USDA should support funding for the SARE program. All research and extension programs must be reevaluated to determine if sustainability results from the program. The Organic Food Production Act must be implemented. The Delaney Clause of the Federal Food Drug and Cosmetic Act must be enforced. Avoid high-technology solutions such as irradiation, herbicide-tolerant crops, and bio-engineered hormones. Finally, prioritize research into least toxic alternatives for pest control in minor crops. (*Agricultural Resource Center*)
- USDA should look at public support for conservation measures enacted by farmers such as reduction in pesticides and herbicides. Use FmHA guaranteed loans to leverage support for sustainable enterprises by farmers and community members. Join members in Congress in holding a forum to focus on sustainable agriculture. Increase funding and outreach for the sustainable provisions of the 1990 Farm Bill: OFPA, IIFMPO, WQUI, and SAREP. Finally, USDA should work closely with the President's Council on Sustainable Development. (*Rural Advancement Foundation International*)
- However, soil erosion and declines in numbers of the bobwhite quail are partly attributed to farming practices which include clean ditchbanks and farming right up to the edge of the ditch. A solution is to properly manage the ditches and to plant shrubbery. These areas, called filter strips, would qualify for ACR credit and take land out of production while providing the farmer with additional income. This modification would also allow the quails to prosper once again and permit farmers to earn income from sales of hunting privileges. (*Mr. Frank B. Barick, Wildlife Consultant, Raleigh, North Carolina*)

## Accuracy of USDA Information

- Agriculture and the food system have changed dramatically since agricultural policies were established in the 1920's and 1930's. If the Department is to remain at the center of that change and policy development, it is going to have to do a better job of reflecting what is happening in the outside world, the way the food system is being redefined, the entry of new players, and new national objectives. (*Able, Daft and Early*)
- Statistics sometimes indicate that farm income has been steadily rising, but we know differently if we are involved. We encourage the Department to use fair, and not misleading facts, when dealing with the general public and policymakers in regard to production agriculture. In the past years, we have had many within USDA giving false facts about what was going on at the farm gate and about the things that would happen if we raised farm prices. (*Agricultural Women's Leadership Network and Farm Aid*)
- An increasing percentage of U.S. agricultural production is now under bilateral contracts which bypass traditional markets and bypass price discovery mechanisms. USDA should begin to immediately study the agriculture production contracting practices, with the goal of strengthening protection for individual farmers and protecting the valuable price discovery mechanisms that an open and competitive market provide. (*The National Grange*)
- USDA should continue to provide information that reflects current farm financial conditions in order to address issues of farm income and appropriate agricultural policy. (*National Agricultural Cost of Production Standards Review Board*)
- American farm policy is based on figures from several agencies. USDA has a responsibility to use data that is fair and not misleading to the general public and policy makers. The data must also reflect the true picture of production agriculture. A recent GAO study on this subject clearly reflects differences that have led our country to poor farm policy. (*Women Involved in Farm Economics (WIFE)*)

- USDA net farm income figures are erroneous. Figures of the USDA and IRS differ by billions of dollars. Doing extensive research, the GAO recalculated net farm income for the years 1970 and 1989. They calculated the IRS figures at \$23.6 billion while the USDA reported \$526.5 billion, a difference of \$502.9 billion over a period of 20 years. (*Women Involved in Farm Economics (WIFE)*)
- It is imperative that USDA continue the development of more accurate methods of assessing the income of family-sized farmers. It is impossible to formulate proper agricultural policy using inaccurate information. Few wheat producers in Nebraska would support USDA's contention that farm income was at record levels during the late 1980's and early 1990's. (*Nebraska Wheat Board*)
- For too long USDA has told us our incomes were higher than they actually were; told us the rural economic situation was improving while I watched dozens of my Iowa farm neighbors give up and move to town, or leave the state. (*National Farmers Union*)
- USDA argues that higher prices and acreage controls erode our competitiveness in world markets. However, research by FAPRI indicates that export income is actually higher with higher commodity prices, even though export volume is reduced. (*The Rural Caucus (Iowa Democratic Party)*)
- USDA should ensure that it promotes accurate knowledge of U.S. agriculture to the public by using correct farm income figures to calculate price support levels, loan programs, and disaster assistance. (*Women Involved with Farm Economics, Shorterm, Alabama*)
- USDA has mislead the public by releasing reports that show record farm income. The last period of record incomes was during the 1970's. Since that time, commodity prices have stagnated, input costs have risen five times, and land prices have stagnated, causing young farmers to leave farming as a career. USDA must more accurately report the farm income situation. (*Mr. Murray Corriher, Farmer, China Grove, North Carolina*)

## **Regulations' Costs and Impact on Farm Income**

- Agriculture and its related industries should not be subject to unduly burdensome regulations. (*National Cotton Council*)
- Federal regulatory atmosphere needs to be "user friendly." (*National Grain and Feed Dealers Association*)
- We are now faced with a situation characterized by diminishing program benefits and increasing program compliance costs. We should reduce the complexity, time, effort and paperwork associated with program compliance. (*American Farm Bureau Federation*)
- USDA is encouraged to take the lead role for regulations affecting agriculture. (*Consultant-Rumler*)
- Legislation designed to streamline programs is too often complicated by excessive regulations. The Certified Lender Program contained in the 1992 Agricultural Credit Improvement Act is a prime example where efforts to simplify the processing of credit applications was complicated by the Department's regulations to the point that they are burdensome and almost defeat the purpose of the lender program. (*American Bankers' Association*)
- ANCW is concerned with government involving itself in all aspects of the ranching industry, especially conservation and environmental matters. Over regulation of agriculture makes it more difficult to produce the food and fiber our nation is dependent upon and has taken for granted. As more time and resources are spent handling government regulations and interference, the farmer and rancher has less resources to devote to a cost-effective, safe and wholesome product. (*American National CattleWomen, Inc.*)
- Our operations are large but the profit margins are extremely narrow. Therefore, excessive regulations will have a big effect on our already meager profit margins. We recommend that USDA continue a strong relationship with EPA and the Department of the Interior. You have done great work with EPA on chemicals, specifically in terms of the whitefly issue. (*Arizona Cotton Growers' Association*)

- Because regulatory actions impact farm income, we ask that you listen to the voice of American producers in the reauthorization of the endangered species act, in regulations dealing with food safety issues and the use of chemical crop protectors, in decisions regarding wetlands and in private property taking situations. (*American Agri-Women*)
- In rural Arizona and New Mexico most people are self-employed. Agriculture is the dominant industry and livestock is crucial to agricultural stability. Our livestock industry is dependent on federal land grazing, our timber industry is dependent on national forest lands, and our farming is dependent on productive watersheds. We can understand and deal with changes in markets and economic trends, but when the adversity we face is our own government, confusion is rampant. When a farmer, rancher or timber contractor loses their job they loose a livelihood. We do not believe that the threatened and endangered species are threatened or endangered. We would like federal agencies to work with us, not against us. (*Arizona and New Mexico Coalition of Counties For Stable Economic Growth*)
- Iowa feeders have generally sold cattle on a hot carcass basis. The excessive trim that occurred as a result of the zero tolerance order cost us 0.5-1.5 percent in yield, or about \$15 per head. Please let us know when you are changing the rules. If we had known the rules were changed, we would have reverted back to only live pricing of our beef cattle. (*Benton and Eastern Iowa Farm Feeders Co-Op*)
- Excessive government regulations place a severe burden on our ability to operate. Agriculture cannot pass along the cost of complying with these regulations as other industries can. Government regulations should not be imposed indiscriminately without consideration of the costs versus the benefits. (*Iowa Farm Bureau Federation*)
- Better preparation and more judicious use of the rule-making process could be USDA's top contribution to increasing agricultural income. For example, USDA's Safe Food Handling Statement can have an unnecessarily negative impact on agricultural profitability because it will be technically and logically impossible to affix temporary food handling labels to some turkey products that will be packaged after October 15. (*Iowa Poultry Association*)
- USDA should reduce the rules and regulations that burden farmers with paperwork. A profit on the marketplace is essential for farmers because agriculture is the base of the economy. (*Women Involved with Farm Economics, Shorterm, Alabama*)
- Growers are facing increasing cost of registration and re-registration of chemicals. USDA should create a program to work with minor crops and chemicals—we need a faster and less expensive way. We also support the move to allow one USDA agency to make wetlands decisions. This will reduce the regulatory nightmare that farmers have lived under. (*North Carolina State Grange*)
- Farmers have been greatly impacted by the increasing burden of regulations and restrictions on land use and inputs. (*North Carolina Farm Bureau*)
- We ask that you reduce paperwork so that farmers don't waste time. (*North Carolina Soybean Association*)
- Reduce wasteful paperwork and record-keeping by streamlining ASCS reporting requirements so that reports accurately reflect farm operations. (*Mr. Peg Malone, Concerned Citizen, Burt Michigan*)
- USDA should reduce the burden of regulations and paperwork such as the 60,000 pages of ASCS regulations. (*Mr. Murray Corriher, Farmer, China Grove, North Carolina*)
- We believe that government regulations are the culprit in preventing much needed food from reaching the needy in this state. The present system of state-by-state and county-by-county distribution of TEFAP commodities creates logistical nightmares. The TEFAP paperwork must be reduced. (*Food Bank of Northwest North Carolina*)
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## Impact of Farm Programs on Consumers and Farm Workers

- Agricultural programs have had very broad support because the consumer sector has benefited enormously from our past policies. However, a departure from past policies which does not maintain the overall supply and quality of food could threaten the future integrity of the programs. (*Able, Daft and Early*)
- Consumers have strong concerns about food safety and the environment, and about the program's impact on agricultural chemical use. (*Public Voice for Food and Health Safety*)
- We give very large subsidies to agribusiness employers, but they refuse to give their workers a decent wage. (*United Farm Workers Union*)
- We recommend that the Departments of Agriculture and Labor set up some kind of local job referral service for farm workers. Educational programs need to be established to help reduce farm worker deaths and injuries, and to eliminate the racist and feudalistic attitudes against farm workers. (*United Farm Workers Union*)

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## Fair Tax Burden for Tobacco Industry

- Tobacco farmers are concerned about the proposed tobacco tax. Growers ask that they be treated fairly. (*Mr. James A. Graham, Commissioner of Agriculture, State of North Carolina*)
- My focus is the proposed tax on tobacco to pay for the health care reform package. It is unfair to single-out tobacco products because tobacco growers already pay a fair share in taxes. The tobacco I produce generates \$62,000 per acre in state and federal taxes. Why is the government trying to eliminate tobacco use yet trying to pay for the national health care program with a tobacco tax? Tobacco farmers should be treated fairly; otherwise, farmers like myself will be put out of work. A \$1 increase in cigarette tax would cause 14,000 people to lose their jobs in tobacco. (*Ms. Joann W. White, Farmer, Harmony, North Carolina*)
- The Grange asks that the administration reconsider the tax on tobacco products. There will be a severe impact on farming families. (*North Carolina State Grange*)

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## Dairy Program Issues

- Increasing minimum price guarantees for milk with distance from Eau Claire, WI, makes about as much sense as increasing the price of a movie ticket with distance from Hollywood. Under the present system, we have little alternative but to call for the elimination of federal milk orders. (*Wisconsin Department of Agriculture, Trade and Consumer Protection*)
- Positive reform of federal milk marketing orders can reduce government costs, benefit consumers, halt expansion of milk production in environmentally sensitive areas of the South and Southwest, and maintain the dairy industry of the upper Midwest. We propose nationwide pooling so that all dairy farmers under federal orders would share equally in the benefits of federal orders. (*Wisconsin Department of Agriculture, Trade and Consumer Protection*)
- We need to establish a production allotment for milk based on family farm needs. Let free trade work inside the United States. We should do away with milk price supports that favor southern dairies. (*Ralph Watkins, Syndicated Farm Columnist*)

- There is a great need to reform the Federal Order System. Also, provisions of the 1990 Farm Bill need to be implemented so that the California situation where their manufacturing milk prices are so much lower than those in the Upper Midwest is corrected. (*Swiss Valley Farms, Colorado*)
- The government support price has been lowered to \$10.20 per cwt. and the consumer's price still goes up and the farmer still goes down the drain. We urge you to increase the price support level for milk to around \$13.00 per cwt. until farmers get better organized as a bargaining unit, such as our school teachers union. (*Mr. LeRoy Paulson, Family Farmer, Dodge Center, MN*)
- The roughage supply for our dairy farmers is very limited and of extremely poor quality due to the continued rains. We hope the Secretary will do everything possible to maintain milk prices so that our dairymen can survive the coming winter and spring when roughage costs will be extremely high. (*Swiss Valley Farms, Colorado*)
- We ask the Secretary to exercise existing administrative authority to improve farm milk and manufactured product prices. Positive administrative measures are vital to purchase dairy products at market prices for use in nutrition programs, expand export assistance, withdraw dairy products currently held by the CCC from the CCC sales list, and continue direct export sales and donations of CCC dairy product stocks under Section 416(b) and Public Law 480. (*Iowa Dairy Products Association, Inc.*)
- Since 1983, a succession of actions have reduced the effectiveness of dairy program mechanisms. The price support level has been reduced to the point it no longer stabilizes prices nor does it provide a level of price assurance sufficient to allow the average producer to maintain a farm operation. The instability of the past has returned. It is time for some change in direction. (*Associated Milk Producers, Inc.*)
- Dairy farmers have worked to develop the National Dairy Self-Help Plan, a policy that is broadly supported and that can help improve and stabilize farm income. It has been introduced in Congress and is endorsed by OMB. We urge the Secretary to support this program so that it can become law. (*Associated Milk Producers, Inc.*)
- We oppose national supply management on production of milk, such as a National Milk base for producers or two tier pricing of milk to producers. We must have the capability to produce for our growing state market and exports to Mexico. The Arizona dairy farmer is willing and able to produce for domestic needs and export to increase farm income. (*Mr. Conrad Gingg, Dairy Farmer Glendale, Arizona*)
- Dairy production is no longer a profitable industry. We are suffering from low milk prices—about the same prices received in the late 1970's. Because of low milk prices we cannot compete in the labor market, and workers are leaving the industry and going to other industries. The milk pricing system must change. The Minnesota-Wisconsin pricing system is unfair to dairy producers in milk deficit states such as South Carolina. The federal price support system has also not helped the dairy producers. Second, the milk marketing system must change. We must revitalize our dairy markets by tieing consumption of dairy products to a nationwide prevention health care program. (*Mr. Tom Garrison, Dairy Farmer, Pendleton, South Carolina*)
- Dairy farmers receive insufficient milk prices. There are eight steps USDA can take to improve the desperate farm income situation. First, raise the milk support price by \$0.50 cwt. Second, pass emergency provisions to set the basic formula prices at \$13.09 cwt until the 1995 farm bill is passed. Next, to stabilize prices, implement a supply management program which assigns base to producers. Four, reform milk marketing orders to maximize returns to producers. Five, Class III-A pricing should not be implemented because it lowers the blend price for producers. Six, the National School Lunch Program should be expanded, and whole milk should remain an option for students. Seven, continue research on the synthetic bovine growth hormone before it is approved for use. Finally, NAFTA should not be approved if it includes the loss of Section 22—this would deprive milk producers of the ability to use supply management programs. (*Pennsylvania Farmers Union*)
- The only fair way to address the needs of the industry and the consumer is to adopt a two-tier plan as advocated by the National Dairy Campaign. Under this plan the government would no longer have surplus milk and dairy subsidies. A more realistic pricing method is needed than the current system of the Green Bay Exchange. In summary, agriculture in general and the dairy industry in particular is dying because of low commodity prices and changes in tax laws that have adversely impacted us. (*Mr. David Iles, Dairymen, Littleton, North Carolina*)

- The current system of milk pricing is not working in this country. Dairy farmers receive below their cost of production price for their milk, and are in a Catch 22 situation when they try to change the pricing policy. Congress tells us to work with the co-ops as stipulated in the Kappa-Volstead Act, and the co-ops tell us they do not set national dairy policy. We have nowhere to turn. Thus, we request that USDA support a two-tier, cost of production, supply management-type program. (*Ms. Kay Elrod, Dairy Farmer, Piedmont, South Carolina*)
- Dairy farmers are being forced to reconsider staying in the business because of increasing input costs and regulations combined with decreasing milk prices. However, we commend USDA for maintaining the Federal Order Class I price differentials, which ensure the supply of milk to areas where the supplies are irregular. We also recommend that USDA continue promotion of the Dairy Export Incentive Program (DEIP). DEIP activities help stabilize domestic prices. We support the proposed self-help program as it is currently structured. (*Carolina's Milk Producers Federation*)

## Streamlining USDA

- USDA should streamline the multiple farm service agency offices. (*U.S. General Accounting Office*)
- USDA should coordinate water quality programs existing in separate agencies. (*U.S. General Accounting Office*)
- USDA should develop new approaches that combine education, research, technical assistance, technological innovation, and regulation to sustain agricultural and environmental goals simultaneously. (*U.S. General Accounting Office*)
- USDA should elevate the priority of conservation and natural resource management programs within the Department. (*National Association of Conservation Districts*)
- USDA should realize cost-efficiencies that could be obtained through co-location, shared data systems, shared vehicles and shared support staff, where feasible. (*National Association of Conservation Districts*)
- All USDA natural resource management programs would be overseen by a single Under Secretary. (*National Association of Conservation Districts*)
- A single natural resource agency should encompass all USDA natural resource management functions, except those of the Forest Service. (*National Association of Conservation Districts*)
- USDA must recognize and utilize the resources and authorities of other federal, state and local conservation agencies. (*National Association of Conservation Districts*)
- USDA should expand the use of incentive-based approaches to natural resource management. (*National Association of Conservation Districts*)
- Rather than consolidate all food safety regulations at the federal Food and Drug Administration, we believe greater efficiencies can be achieved by continuing the transfer of responsibility from the Federal to state government. The Animal Services Division of the Arizona Department of Agriculture has trained inspectors working to keep meat, poultry, egg and dairy products safe for consumers. While the law requires our meat inspection program to equal the federal government's program, we believe Arizona's program is superior. (*Arizona Department of Agriculture*)
- I volunteered to help families relocate from a mining company located in San Manuel, Arizona, after they received eviction notices. We asked for assistance from Rural Community Assistance Corporation (RCAC). Housing Assistance Council (HAC) provided technical assistance for a proposal for 27 self help houses in which United Housing and Educational Development Corporation (UHEDC) was the grantee. Technical assistance providers should not discriminate in providing needs solely to the farm worker, but to all those in need all across America. Grantees should have the right to submit a performance evaluation of technical assistance providers before FmHA gives them a grant renewal. Real estate agencies should not be allowed to get involved in FmHA 502 programs. The real estate firm and the FmHA prioritized the Hispanic immigrant over the American citizen and consequently a barrio was created. A priority should be put on monitoring the FmHA staff. (*Ms. Cora Esquibel, Customer Advocate of FmHA's Rural Housing Program and Volunteer with United Housing and Educational Development Corporation*)

- Farmers Home Administration (FmHA) is having problems in the way it handles its policies. For the last three years I've been dealing with FmHA. First as a home applicant in which my wife and I were approved three times and denied twice. Although we won our first appeal, we had to go through the whole interview process again. I am involved again as a member of United Housing and Educational Development Corporation (UHEDC) 2nd self-help group. FmHA definitely needs to streamline their procedure:
  1. Experience personnel-check system,
  2. Define policy or procedures,
  3. Arbitration,
  4. Don't make issues a personal vendetta, and
  5. Listen to both sides of the story.

*(Self-Help Group #2, United Housing and Educational Development Corporation)*
- I want to bring up a few issues regarding our treatment and discrimination during the time we were qualifying for our home. We were denied a loan the first time due to my poor credit history linked to a past relationship when I was 18 years old. We appealed the FmHA county supervisor's decision and won. We were asked for a second interview and again were denied the house because of bad credit. Since we already won the appeal there was no need for a second interview or denial. We had won the appeal. Why should a County Supervisor go on her own personal feelings towards an applicant instead of following regulations, and be able to deny applicants with no one to account to? *(Ms. Carissa Bushey—Occupant of FmHA financed home)*
- Every member of the group of people who applied to the Self Help program with me encountered enormous difficulty in qualifying, with the Pima County Supervisor, I have seen problems arise in the area of language used in the correspondence to participants of FmHA programs. Mistakes by FmHA caused myself and other group members to pay the cost of credit checks twice. I think that FmHA should look into the issue of helping the American citizen towards utilizing the program, and not putting the immigrant citizen into a single area to help prevent segregation, thus preventing the creation of a barrio. *(Ms. Debbie Demaron—Occupant of FmHA financed home (502 self help program))*
- My application was submitted to FMHA's office as a self-help applicant, but the County Supervisor refused to process me with UHEDC's Group #3. I feel discriminated by FmHA because I am a handicapped person. Despite my handicap, I would be able to participate in the self-help program. I also have family who will help me if I am approved. My solution is that FmHA should not discriminate against the handicapped person. *(Mr. Pete Montoya—Applicant to FmHA 502 self help program)*
- I would like to talk about my own experience under the 502 program. The County Supervisor was given so much power that it took 18 months to be called for an interview. In our cul de sac, there are 31 houses, 3 white families, 1 black family, and 27 hispanic families. If the County Supervisor had not discriminated against the white and black, our neighborhood would not have become a barrio. I suggest that someone should monitor the County Supervisor's actions to prevent this situation from happening again. Some provisions or formula should be there for handicapped children. My daughter doesn't qualify for SSI and because of her severe medical problems, I am not able to get a job to help with the income. She needs 24 hour care so this prevents me from seeking a job. I would like to see special provisions for families with handicapped children. *(Ms. Phyllis Spencer—Occupant of FmHA financed home under 502 self help program)*
- I lived in an FmHA-financed home which was foreclosed on. Due to medical problems, I lost hours from work and then decided to attend college to further and better my career opportunities. When I started school, I worked part-time and my income decline by 50 percent. After I fell behind on my payments, I called FMHA but was not able to speak to the County Supervisor nor any other appropriate person about my condition. I was forced to sell my home and move out in my ninth month of pregnancy. I feel that all this hardship on my family would not have happened if the real estate agent had not been allowed to represent herself as a FmHA employee or if there had been a better line of communication. *(Ms. Betty J. Gilson—Occupant of FMHA financed home)*
- We have heard farmers and ranchers ask for less paperwork when dealing with the government. ASCS could eliminate a great deal of cumbersome paperwork and expense by eliminating the requirement to complete farm operating plans and payment eligibility forms for every producer who comes into an ASCS office. We seem to have overreacted in achieving the intent of the law to control program payments by requiring thousands upon thousands of producers to complete detailed farm operating plans when they will never approach any program pay-

ment limits. We could reduce this burden by as much as 90 percent if we applied these rules to those producers that are within a given dollar range of reaching a program payment limit. We encourage the Congress, the Administration and the Department to simplify program rules and instructions. Programs have continued to become more complex and not necessarily any more effective. (*Mr. Patrick Lindsey, State President—National Association of ASCS County Office Employees*)

- The original mission of USDA was to aid rural development through education. In several publications you have been quoted as favoring the combining of ASCS, FmHA, SCS, and FCIC. It would be more efficient to also add the Cooperative Extension Service. Arizona is unique. With the size of this state, the varied terrain, and changing weather conditions, you should look very closely when considering USDA offices for closure in Arizona for any reason other than combining them. Farmers should farm instead of spending all day traveling to a USDA office. Title VI and Title VII of the Civil Rights Act should be placed under the Office of Advocacy and Enterprise (OAE). The Civil Rights divisions of the various USDA agencies should be disbanded because they are only “excuse factories” that delay progress and speedy access to justice. Since OAE works with complainants, non-EEO complaints should also be handled by OAE. Many appeals have a discrimination connection. (*Mr. Jesse Myers, Farm Program Specialist—Farmers Home Administration*)
- Before joining Natural Cotton Colours, I was a research scientist at the USDA/ARS Cotton Research Center in Shafter, California. At the time I left, about two years ago, there was a total lack of leadership and direction at that facility. In my estimation, the one million dollar budget was a tragic waste of the taxpayers money. I strongly recommend that the USDA Shafter Cotton Station be dedicated to organic research. (*Natural Cotton Colours*)
- We recognize the need to reduce the bureaucratic quagmire in many areas. However, we urge you to keep in mind that the primary purpose of USDA programs is service to food producers and closely related industries. Continuing the most efficient food producing capabilities in the world will depend on continuing the supportive elements of USDA programs. (*Nebraska Wheat Board*)

- Our exceptional food safety and quality assurance systems have been the key to our success in export sales of livestock. The need for USDA inspection of livestock is obvious. We can't afford to regress on disease eradication such as tuberculosis. (*Iowa Cattlemen's Association*)
- To combine unrelated agencies such as FSIS with FDA or putting Packers and Stockyards with PGIS may create paper efficiency, while reducing operational effectiveness. Combining agencies with like objectives such as ASCS and SCS makes sense. We encourage the idea of one-stop shopping for these services. (*Iowa Cattlemen's Association*)
- Government agencies can appear to streamline by closing offices. However, the real efficiency of service will come from a conceptual shift towards a goal of efficient client-friendly movement of money, information and service. Prioritize the key functions and become competitive in service delivery. (*Iowa Cattlemen's Association*)
- We should get SCS and ASCS on the same course. In many cases, our 1995 conservation compliance plan with SCS does not match our ASCS bases. (*Iowa Young Farmers Education Association*)
- We urge the Secretary to study closing and consolidating some county offices. We now travel 50-100 miles to get parts for our equipment. Many of our wives travel 60-100 miles to work in Des Moines. It would be no great sacrifice to travel to another county office to sign up for programs. The staff can do much of the preliminary work over the phone. (*Iowa Farm Unity Coalition*)
- We ask that no closure of any county office be ordered without full justification under the following goals: service to the farming community, implementation of farm programs with fair and equal treatment to all farmers and ranchers, maintenance of the Farmer Elected Committee system as provided by law, and the Administration make every effort to maintain and strengthen the family farm operators of this country. Input from each ASCS county committee affected by any closure should be required before proceeding. (*Iowa Association of Farmer Elected Committees*)

- We believe that the best way to streamline USDA structure and program delivery is to provide for more state and local decision-making. We fully support the effort to achieve collocation of local USDA offices. (*American Agri-Women*)
- We are concerned about the linkage of SCS and ASCS. Of all the USDA local delivery agencies, certainly these two are most similar in clientele, programs and data. SCS and ASCS would make the most logical combination. Removing conservation from ASCS will increase customer frustration and complicate program delivery. Much of the data required for implementing conservation programs comes through ASCS commodity programs. (*American Agri-Women*)
- We would like to see more emphasis placed on natural resources by elevating the proposed Natural Resources and Environment Division to the Under Secretary level. We suggest the federal meat inspection program be kept in USDA. (*Illinois Department of Agriculture*)
- Farmers can support a reduction in county USDA offices, if services to farmers and rural communities can be maintained or improved. Office closures should be evaluated on a case-by-case basis to determine if such changes offer increased efficiencies or if such closings would force a farm family to travel unreasonable distances when filing required paperwork. (*Minnesota Farm Bureau*)
- We support the call for an improved national appeals process on government decisions, which could include conservation compliance, swamplbuster and wetland determinations and farm program decisions. (*Minnesota Farm Bureau*)
- The objectives of too many federal programs have gotten lost in the shuffle of time, changes of administrations, and political posturing. We have to recapture the vision of a government that serves people and the common good through a partnership with its citizens. We have to start by redefining the objectives of each of our federal programs. Does the program serve a readily understood public need? Does it help create opportunity and achieve economic and social progress for the common person? Does it build our nation from the bottom up? Does it have an identity that reflects today's purposes? If we do not reform and update these programs to serve legitimate, socially justifiable objectives, the danger is that the nation will simply discard them. (*North Dakota Farmers Union*)
- Maybe its time to recognize the change in the role of Rural Electric Administration and make it part of a combined community facilities program within a Rural Development Administration. Perhaps then it would be seen for what its doing for our future, rather than what it did in our past. (*North Dakota Farmers Union*)
- We support keeping meat inspection responsibilities under the Food Safety and Inspection Service within USDA. To transfer responsibilities for meat inspection outside USDA while the Secretary's efforts to promote improved food safety are in mid-stream would be ill-advised and potentially counter-productive. (*Iowa Pork Producers Association*)
- I would urge you to set out rules that USDA Extension Service people, particularly those in our universities, stop all promotion of corporate interests and direct their work towards farm and rural people. (*Mr. Gary Hoskey, Family Farmer, Montour, IA*)
- Simplification of ASCS farm programs is needed. There is too much red tape with FmHA programs at the top and not enough decision-making authority at the bottom. SCS should continue as a partner in farming and not as a police force. (*Mr. Terry Harrington, Family Farmer, Marengo, IA*)
- USDA can best deliver services to the poultry industry by resisting efforts to have the poultry and meat inspection process moved to FDA. FDA officials have no agricultural training and there is a strong likelihood that FDA—out of ignorance rather than malice—would promulgate unnecessarily expensive regulations. The poultry industry does not always agree with USDA. But, we would rather see regulations affecting farmers enforced by an agency that understands farming. (*Iowa Poultry Association*)
- We strongly urge that a "New USDA" place greater emphasis on sustainable agriculture production by integrating natural resources, research, education, and economics functions through an Under Secretary for Sustainable Agriculture. We also recommend that you restore the credibility of the Soil Conservation Service as an environmental agency before it is allowed to consolidate planning for a variety of natural resource needs, and that you keep environmental enforcement responsibilities in the Farm Service Agency. (*Iowa Natural Heritage Foundation*)

- We are supportive of the Secretary's initiatives to restructure and streamline the Department. However, we are not convinced that streamlining will necessarily make life any easier for those of us who farm under government programs. The farm agencies and programs have to be streamlined to serve family farmers, not bureaucrats and corporate agribusiness. Farmers need to be involved in the streamlining process at every level to assure that it is carried out in a manner that really makes a difference for farmers themselves. (*Prairie Fire Rural Action*)
- We strongly recommend that any new structuring of USDA be designed so that the technically trained staff of SCS be a part of any new natural resource agency within USDA. We strongly agree with the need to create a single Natural Resources Agency to administer all USDA conservation programs for nonfederal lands which has sufficient funding and authority to offer an incentive driven total resources management program. USDA production adjustment and loan programs should be administered separately from the natural resources program. (*Iowa Association of Soil and Water Conservation District Commissioners*)
- We strongly emphasize that USDA's efforts to improve customer service, increase efficiency and save resources, must be consistent with the Department's mission and responsibility to serve the tax-paying public as a whole by protecting the productive capacity of our soils and forests, ensuring the quality of the country's surface and ground-water supplies, maintaining natural biodiversity, and safeguarding the health and safety of the food supply. The public interest includes, but is not limited to, the interests of the farm community. (*Izaak Walton League of America*)
- USDA production adjustment and loan programs should be administered separately from the natural resources program, though appropriate oversight should be provided to ensure that all USDA programs are consistent with the Department's overall mission. USDA must continue to place a high priority on service to all of its customers. This necessitates maintaining a strong local presence, with adequate field staff available to respond to a growing list of conservation needs. (*Izaak Walton League of America*)
- We believe that all USDA natural resource management programs should be overseen by one Under Secretary. The decision to place federal conservation cost-share funds and responsibilities under the new Natural Resource and Conservation Service should prove to be a natural union with conservation compliance planning and Federal/State dollars made available to implement total resource management plans. We strongly support the recent decision to designate SCS as lead Federal agency responsible for identifying wetlands on agricultural lands. (*Madison County Soil and Water District*)
- We need to return decision making and responsibility back to locally-elected county ASC committees. ASCS could eliminate a great deal (as much as 90%) of cumbersome paperwork and expense by eliminating the requirement to complete farm operating plans and payment eligibility forms for every producer, instead of just for those who are within a given dollar range of reaching a program payment limit. We encourage Congress, the Administration and the Department to simplify program rules and instructions. They have continued to become more complex and not necessarily any more effective. (*Greene County, IA, ASCS Office and Mr. Simon J. Wells, Family Farmer, Sparta, WI*)
- The consolidation of USDA program delivery at the local level into a single location is long overdue. It is equally important that all USDA program delivery at the local level draw from a single data base. We particularly support the decision to elevate the priority of USDA's conservation and environmental protection responsibilities, including ACP, through establishment of the Natural Resources Conservation Service. This will eliminate program confusion for farmers. (*National Association of State Conservation Agencies*)
- It might be wise to consolidate some services—SCS, ASCS, and ES—in some areas where population does not justify separate offices. Reducing excessive farm program compliance paperwork is another area that might save time and money. (*Iowa State Grange*)
- USDA should elevate the priority of conservation and natural resource management programs within the Department, overseen by a single Under Secretary. (*National Association of Conservation Districts Auxiliary*)

- The idea of one-stop shopping for the farmer is a good one that has already been implemented in the majority of Wisconsin counties. Although it is more convenient for farmers, it has not saved tax dollars due to the three separate, outdated and inefficient computer systems being used by ASCS, SCS, and FmHA. (*Mr. Simon J. Wells, Family Farmer, Sparta, WI*)
- Excluding SCS as part of the Farm Service Agency makes no sense. If SCS cannot be part of the proposed Farm Service Agency, then allow locally elected County committees to employ technicians to serve the needs of production agriculture and let the new conservation agency deal with non-farm conservation issues. If not include all of SCS, why not split it like you do with FmHA and keep the parts which deal with production agriculture in FSA? Not including SCS in the FSA appears to be in the complete opposite direction of efficiency that the Secretary is promising us in the one-stop shopping idea. (*Mr. Simon J. Wells, Family Farmer, Sparta, WI*)
- We support the proposed USDA "one-stop shopping" concept for USDA reorganization. (*North Carolina Agribusiness Council*)
- We support USDA's proposal to close field offices provided the consolidation does not increase costs to farmers for the service they receive. Coordinate the moves and closures with local groups such as the Grange, Farm Bureau, and others. We also support the move to allow one USDA agency to make wetlands decisions. This will reduce the regulatory nightmare that farmers have lived under. (*North Carolina State Grange*)
- The North Carolina Soil & Water Conservation Commission supports USDA's reorganization proposal which consolidates technical assistance and cost sharing conservation programs in one place at USDA. This results in a strong emphasis on natural resource conservation. (*North Carolina Soil and Water Conservation Commission*)
- Begin reorganization and streamlining at USDA's headquarters in Washington, D.C. The direction should not be focused on the field offices where the services to farmers are actually delivered. The "one-stop shopping" concept can only be effective if the service centers are carefully chosen—consideration must be given to topography, distance, and normal marketing channels. We are also concerned over the proposal to shift conservation cost-share programs from ASCS to a new conservation agency. Finally, we recommend that no merger take place between the Packers and Stockyards Administration and the Federal Grain Inspection Service. (*North Carolina Farm Bureau*)
- In terms of USDA's reorganization, I strongly disagree with transferring the ACP to NRCS. The ASCS office has the ability to operate these programs. To reduce federal expenditures, I recommend the following: consolidate division commodity offices but minimize impact on farmers; eliminate middle management positions; eliminate all state district directors in all agencies; review need for area directors; and transfer sweetener functions in ASCS to DASCO. (*Mr. Horace Godfrey, Farmer, Clayton, North Carolina*)
- We favor USDA's reorganization under one Farm Service Agency (FSA). Service should be the driving theme. In terms of the Delaney Act, we support your proposal to establish the SCS as the single entity to farmers for wetlands regulation; we also commend efforts to revise the Delaney Act. (*North Carolina Soybean Association*)
- USDA should not split FmHA farm and housing programs into two agencies under different Under Secretaries nor place conservation components of the SCS with another Under Secretary. This defeats the idea of one-stop shopping espoused by Secretary Espy. The National Appeals Division should be totally independent from any agency of USDA, and we support the provisions of the National Appeals Division Act of 1993. NAFTA cannot be supported because it will abolish Section 22, resulting in a flood of cheaper imported goods that will leave North Carolina unable to compete. (*Land and Loss Prevention Project Durham, North Carolina*)
- The USDA can save money by restructuring ASCS, FmHA, and SCS into one office. These savings will benefit the private sector by increasing capital for economic development. (*Mr. Murray Corridier, Farmer, China Grove, North Carolina*)

- Poultry contract farmers have not received nearly the same returns as the industry leaders and owners. There are several solutions, USDA should hold special field hearings to elicit opinions from growers, bankers, and industry officials. Strengthen the Packers and Stockyards Act coverage for poultry growers. Reassign resources within the Packers and Stockyards Administration to reflect the consumer move to poultry from red meat. Include contract farmers for coverage when redesigning the Federal Crop Insurance program. We support USDA's proposal to move the National Appeals Division to become an independent office under the Secretary of Agriculture. We also support the proposed consolidation of departments to become the Farm Service Agency. (*Rural Advancement Foundation International*)
  - I support the Administration's proposal of consolidating ASCS, FmHa, and FCIC into the Farm Services Agency (FSA). However, I question why the Soil Conservation Service (SCS) is not included in the FSA conglomerate? This program has been administered efficiently by ASCS for over 50 years. A better idea would be to combine ASCS and SCS because ASCS program operations depend on the technical operations of SCS. (*Mr. Gordon Washburn, President, VASCOE*)
  - We recommend that all farmer services be provided under one agency, that all information be computerized, and that USDA restrict its services to agriculture and not social services. (*Rural Advancement Fund*)
  - The regulations passed with the 1985 and 1990 farm bills are overburdening U.S. farmers. These farmers are already plagued with droughts, diseases, and low prices for their products. To save tax dollars, we should scuttle agencies such as the Soil Conservation Service and put farmers to work on the next farm bill. Then we can get the price of farm products above production costs so they don't need taxpayer help. (*Mr. Jerry Murrell, Farmer, Gibsonville, North Carolina*)
  - We support new technology in the meat inspection system to assure importers that our meat is the safest in the world, but we oppose the merger of FSIS with the FDA. This merger could jeopardize FSIS's efforts to revolutionize meat inspection in the United States. (*U.S. Meat Export Federation*)
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- Maintain Partnership Between USDA and Local Farmer Organizations
    - We support the partnership between USDA, the state, and local conservation leaders. To illustrate the success of this partnership, this year, the state-funded cost-share program provided \$8.25 million in direct help to farmers to solve water quality problems. (*North Carolina Soil and Water Conservation Commission*)
    - The farmer-elected committee system is a good system with a proven track record. The committees are made up of farmers that are elected by farmers for the purpose of serving farmers. This system is responsive to the local needs. Look at the success of the crop disaster programs for 1992 and 1993 under severe time constraints. Our association supports the creation of the Farm Service Agency (FSA) only if the farmer-elected committee system is present. (*North Carolina Association of County Office Employees*)
    - The streamlining of USDA must not change the successful partnership between USDA and local soil and water conservation districts. The efforts to solve natural resource problems can only be continued with the partnership of USDA's Soil Conservation Service and our local soil conservation districts. (*Association Soil and Water Conservation District, Hillsborough, North Carolina*)
    - My major concern is that the restructuring of USDA may take away the farmer-elected county committee system. We do not want another bureaucracy established which could make programs more complicated. The farmer-elected committee persons are responsive to needs of counterparts because they are neighbors. I do not support the proposal to transfer conservation programs of ASCS to the Soil Conservation Service. The committee systems mentioned above fairly provide cost-share dollars to those farmers with conservation needs. Please do not change the structure of farmer-elected county committees and county employees at ASCS which has provided economical services for the last 60 years. (*Mr. J. Larry Barbour, Farmer, Clayton, North Carolina*)
    - Please maintain the current elected committee systems within counties. (*Mr. John Parker, Assistant to the President, North Carolina Farm Bureau*)

- The farmer elected committees must be reactivated and adequately funded. (*Mr. Horace Godfrey, Farmer, Littleton, North Carolina*)

## Crop Insurance and Disaster Assistance

- Work to improve crop insurance should continue, with the ultimate goal of having a crop insurance program that replaces the need for disaster programs. For crop insurance to be accepted by more farmers, better levels of coverage need to be made available to farmers who are just entering the program. (*Nebraska Wheat Board*)
- The crop insurance program could realistically expand its role into becoming a form of income assurance similar to that which is available to farmers in Canada through their GRIP program. (*Nebraska Wheat Board*)
- Federal Crop Insurance must undergo drastic change to serve its purpose of protecting farmers' investments. Family farmers need a crop insurance program that covers our basic cost of production, including provisions for higher commodity prices and higher yield guarantees. Such a program could be cost effective by eliminating ad-hoc disaster programs. The program could also be financed through assessments on contracts traded on the various futures markets. (*Iowa Farmers Union*)
- We have a real opportunity before us to correct the short comings in crop insurance and we will be able to market crop insurance as a risk management tool. Then, we will have a viable and affordable disaster program in place each and every year without federal disaster programs. We should allow reinsurance companies to market crop insurance to farmers as collateral for farm operating loans and as a tool to forward contract their grain. See summary of statement for specific recommendations. (*Dawson Hail Insurance*)
- We support a total revamping of the crop insurance program. There is no reason that the program cannot be made actuarially sound, geographically fair and responsive to the real need of production agriculture. Data and expertise developed by ASCS in delivering disaster programs in recent years will be of great value in designing a solid crop insurance program. (*American Agri-Women*)

- A federal crop insurance program needs to be put in place that allows farmers to know where they are at and not have to rely on federal disaster programs. (*Minnesota Farm Bureau*)
- An actuarially sound federal crop insurance program must be developed to provide producers with a program that reflects actual risk, premium and loss coverage. (*Iowa Soybean Association*)
- Farmers would find attractive a Federal Crop Insurance policy offered by the Federal government that coincides with other disaster insurance policies offered by the insurance industry—wind, hail, and fire—and had any reasonable deductible as a means of curtailing costs. The policy would have to pay from the top down minus the deductible, and be payable within 60 days after the loss report. A prevented planting coverage should be part of the policy instead of a separate rider. (*Iowa State Grange*)
- Since 1985, \$14.3 billion has been appropriated for disaster relief. If you consider disaster relief as a yearly outlay as it has been, then a convincing case might be made for a subsidized crop insurance program that would attract wide participation and be actuarially sound. (*Iowa State Grange*)
- Federal Crop Insurance has not been available to Iowa fruit and vegetable producers except in a few cases. If there is a revision of the Federal Disaster Assistance Program and a move to Federal Crop Insurance as a substitute, fruit and vegetable crops should be included to protect our producers from weather-related losses. (*Iowa Fruit & Vegetable Growers Association*)
- The Federal Crop Insurance program should be improved to eliminate fraud and waste. There are four suggestions: unit reduction; re-evaluate land risk levels; mandatory compliance in the program; and ASCS office use to implement the program. (*Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan*)
- The Carolinas have been declared disaster areas and one-half of the bridges need replacing. The SCS should work with the DOT to use highway and bridge funds to build water-enclosing areas. (*United Farmers Organization*)

- Reorganize the disaster program. The participants who receive money don't deserve or need it. I have never qualified for the program because my tomato yields are too high. Other farmers who do a good job managing will never qualify for disaster assistance. I recommend the following changes to the program. Provide low or no interest loans and require producers to pay the money back. Provide crop insurance that is affordable and available for everyone. (*North Carolina Trellised Tomato Grower*)
- Disaster funds and crop insurance must be better targeted to those operations that truly need assistance. Crop insurance must be affordable for cash-strapped farmers. (*Mr. Murray Corriher, Farmer, China Grove, North Carolina*)
- Insurance is not affordable for the cattle industry. (*American National Cattlemen*)
- Crop insurance works for some farmers and not for others. Disaster eligibility is calculated so that there is a significant loss long before the ASCS office agrees with the assessment. The current freeze on ASCS payment yields should be lifted, and a yield floor should be established below which the yield cannot drop in the event of disasters. For 1993, USDA should review the retroactive adjustment method used for wheat losses between 1990 and 1992. We disagree with NAWG's stated preference for the current system over an ASCS delivery of crop insurance. USDA needs to reform crop insurance so farmers receive better service from USDA. We prefer that FCIC continue with the 1993 price election of \$3.00, and not the high-price-election price of \$2.80 which is inadequate. (*National Association of Wheat Growers*)
- In the later part of 1991, an overwhelming explosion of a new strain of the sweet potato whitefly (*Bemisia tabaci*) menaced the desert valleys, western Arizona and northern Baja Mexico. California Governor Pete Wilson declared a state of emergency in Imperial and Riverside Counties on November 9, 1991, and petitioned the USDA for disaster assistance for the area. However, the USDA denied assistance, stating that there was a lack of connection between the flourishing of insects and a weather pattern. However, scientists in both California and Arizona certified that weather conditions contributed to the extremely high infestation of whitefly. We urge the new administration to look into and reconsider accepting the disaster caused by whitefly as falling within the parameters of an agricultural disaster. (*Mr. Stephen Birdsall, Agricultural Commissioner—County of Imperial, California*)
- Although the USDA would not certify the losses from whitefly for federal disaster assistance, we are grateful for the various resources which have been directed throughout the agencies within the USDA. An Interagency Coordinating Group for Emerging Pests was formed which reports to the Deputy Secretary's office, and a Special Assistant from the Deputy Secretary's office was assigned as the coordinator. A National Research and Action Program Group was formed, comprised of Federal and State scientists, private industry and commodity groups in an initial 5-year action plan against the whitefly. The program is in its second year of operation. With research work showing signs of progress, continued research funding is a must. We would also encourage the Secretary to appoint a special assistant from the Deputy Secretary's office to coordinate all of the Department's whitefly efforts. (*Mr. Stephen Birdsall, Agricultural Commissioner—County of Imperial, California*)
- Congress should make policy decisions involving trade-offs among crop insurance participation, actuarial soundness, and the continuing provision of ad hoc disaster payments. (*U.S. General Accounting Office*)
- Risk is an integral part of the free enterprise system via which the United States has matured and prospered. We insure our property against fire, theft, and natural disasters. But we cannot satisfactorily insure our costs of production. We recommend a total revamping of the crop insurance program. There is no reason that the program cannot be made actuarially sound, geographically fair and responsive to a real need of production agriculture. (*American Agri-Women*)
- I want to voice my support for discontinuing the Federal Crop Insurance Program. This program cost the taxpayers billions of dollars without benefiting the farmer. The farmer has only participated in this program when he could figure out a way that he could take advantage of the program. It would be a serious mistake to make all farmers participate in the program to make up the deficit piled up by the few people who took advantage of the program. If USDA farm programs aren't financially attractive to get farmers to participate, farmers will drop out of the program rather than comply. (*Mr. Floyd N. Robbs, Farmer, Wilcox, Arizona*)

## Futures Market and Commodity Exchanges

- Grain and livestock producer's use of the commodity futures market as a risk management tool. New products, such as options are available and techniques have been developed to allow the producer to benefit from prudent utilization of these tools. Unfortunately, the federal tax code has not kept pace in this area. We recommend changes in the tax code that will allow farmers to take advantage of commodity futures and options in their marketing plans without adverse tax consequences.  
*(American Agri-Women)*
- We would like the Secretary to shake up the National Cheese Exchange at Green Bay, WI. A mere 0.2 percent of all cheese produced every year in the United States changes hands here, but it sets the price of almost all the remaining 98.2 percent of the cheese market. *(Mr. LeRoy Paulson, Family Farmer, Dodge Center, MN)*
- We want the Secretary to regulate the big fund buyers at the Chicago Board of Trade that take our market up or down at their pleasure. For years the New York Stock Exchange has trended higher because they limit the available supply of stock contracts to the amount of stock issued by the company. The Chicago Board of Trade should limit the supply of futures contracts to the size of USDA's estimate of the current crop. *(Mr. LeRoy Paulson, Family Farmer, Dodge Center, MN)*
- The out-of-control volume of futures trading is no longer a price discovery mechanism for grains, but an effective way to trade futures and keep grain prices artificially low. We should take immediate action to outlaw futures trading funds like Refco and Dean Witter and limit individuals outside farming to 50,000 bushels total positions. We should also shorten the futures trading day to 3 hours and freeze limits to \$0.15 for corn, \$0.20 for wheat, and \$0.30 for soybeans, with no opening of limits. Prohibit spreads, calls and puts. Limit all grains to an April, August and December contract. *(Mr. Alan Roebke, Radio Host and Farmer, Hector, MN)*

- We recommend the following specific changes that would correct abuses which damage producer's commodity prices:
  - (1) Outlaw insider trading,
  - (2) Allow buyers to demand delivery,
  - (3) Strictly apply trading limits to commodity funds,
  - (4) Adopt an uptick rule similar to the rules implemented by the New York Stock Exchange which prevents short-selling at or below the "bid" price if the bid is lower than the previous trade (i.e., when price is sinking).
  - (5) Expand the number of delivery locations,
  - (6) Require posting of handling fees and,
  - (7) Increase producer representation on CFTC.*(National Farmers Organization)*

## Grazing fees on BLM and Forest Service Lands

- Arizona ranchers are concerned about Interior Secretary Babbitt's proposal to increase grazing fees on BLM and Forest Service lands. We believe Secretary Babbitt's proposal would endanger the contributions made by ranchers to the fragile economy of rural Arizona. *(Mr. Keith Kelly, Director—Arizona Department of Agriculture)*
- Rangeland Reform '94 will not increase agricultural income. Instead, it will spell economic disaster for rural families and communities throughout the West. If you truly want to improve agricultural income, you must let the people set the goals and then permit government officials to carry out these goals. This is not a people driven or even a people approved change—it is a government driven change. The existing regulations in place provide for rangeland resource improvement now. A 230- percent increase in grazing fees will not provide a 230- percent improvement in rangeland resource management. Rangeland Reform '94 is a flawed process! The National Environmental Policy Act (NEPA) is not being complied to the letter or the spirit of the law. You Cannot bypass this Act! We, the people, will not allow you to bypass this Act! *(Coconino County Farm Bureau and Cattle Growers)*

- I represent the average family rancher in Arizona that uses public land. I have done everything I can to improve the range on my ranch. I have had spectacular success with my riparian area. It has gone from one of the worst riparian areas to possibly the best in Arizona. In the West the best lands are privately owned and the poorest belong to the public. Public lands being poorer are more expensive to graze. Those on public lands should pay the same fees as are charged on private makes no sense. The federal government has in the past paid private contractors to improve public land. Why not give the rancher an incentive to improve public land? (*Mr. Phillip K. Knight, Rancher, Wickenburg, Arizona*)
- In order to graze livestock on federal land one must own the commensurate property and on Forest Service allotments one must also own the livestock. Grazing preferences on ranches consisting of National Forest range are bought and sold in conjunction with the deeded lands belonging to the ranch. Ranches bought and sold throughout the west are valued based on the deeded land, the improvements, the water developments, and the size and duration of the grazing permit. I request that a very complete study of the market value of federal grazing permits be included in any grazing fee proposal to be considered under this action. In considering the scope of the Environmental Impact Statement to be prepared by the Department of the Interior, I feel that it is essential to give complete coverage of the following issues.

1. The true market value of federal forage.
2. The benefits realized by the public from federal grazing permits.
3. The actual condition of federal grazing lands.
4. The actual range potential of specific range sites.
5. Comparison of rangeland condition data with wildlife habitat condition date.

(*Mr. Dennis Moroney, Cattle Rancher—Cross U Ranch Prescott, Arizona*)

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## Alternative Use of Public Lands

- The Grand Canyon Chapter of the Sierra Club respectfully asks Agriculture Secretary Espy to reconsider his agency's actions regarding an easement granted to Yavapai County in 1983 by the USDA. It's an easement allowing a bridge be built over Forest Service land at Red Rock Crossing near Cathedral Rock in Sedona, Arizona. We ask the Secretary to use his powers to preserve and protect our national heritage and use agency resources to accomplish this goal. (*Ms. Raena Honan, Staff Lobbyist—Sierra Club—Grand Canyon Chapter*)
- Public service providers, school personnel and parents and students, emergency service providers, listeners, and advertisers will lose an important voice in the White Mountains, if my present situation cannot be changed. Presently, KRFM is a high power/continuous carrier located on a low power site on Porter Mountain, USDA Forest Service land. I can remain on this site as long as I am the owner. When the permit expires in 1995, a new permit with a shorter duration can be issued. The permit renewal will stipulate the KRFM will be required to move within 2 years of an alternative site being developed. Any new owner would be required to relocate off the Porter Mountain. I would like to save KRFM and KVSL from being taken off the air and put out of business. (*Mr. Hugh Williams, President and GM—KVSL 1450 and KRFM 96.5 Radio*)
- From the perspective of the Coalition of Arizona and New Mexico counties, the federal and state governments have embarked upon numerous new activities and expanded the scope of existing regulations. Few actions have benefitted local governments, and most have had adverse effects. A central mission of the Coalition is to propose proactive solutions to perceived problems. Land management agencies need to be well-informed about the customs, cultures and economic conditions they are dealing with and they need to make their decisions with the greatest possible input from the local community. (*Mr. Howard Hutchinson, County Supervisor—Arizona and New Mexico Coalition of Counties For Stable Economic Growth*)

- I have come to talk to you about Mount Graham International Observatory, a project of the USDA Forest Service. Existing legislation states that the telescope project will be allowed on Emerald Peak only. On March 1, 1993, the University of Arizona asked the Forest Service for modification of their special use permit to allow the move of the Columbus Telescope to a new mountain less than one half mile from the present site, to peak 10298. I am asking you to look into the record on this project and not allow the site change. If the Forest Service allows this move, we are asking you to make sure that the national environmental and cultural preservation laws are adhered to. (*Apache Survival Coalition*)
- I have come today to talk about Mt. Graham. It is our holy mountain and home of ga-an, our Mountain Spirit Dancers. We have been working hard to save our sacred sites from the University of Arizona's telescope project. The council has been joined by all known traditional spiritual leaders of the tribe, as well as the many Native American Organizations. They have made every effort to explain their concerns, their fears and their demands to the Federal agencies, the University of Arizona and their telescope project partners, all of whom remain unmoved and unwilling to recognize what we have to say, as they also ignore the Native American's most basic right of freedom to practice their religion. I am asking you to abide by the laws of this country and protect our sacred sites and our traditional ways. (*Apache Survival Coalition*)
- The Forest Service administers the special use authorization for the Mount Graham Telescope Project held by the University of Arizona. The Arizona-Idaho Conservation Act of 1988 (P.L. 100-696 Sec. 601) required the Secretary of Agriculture to issue a special use authorization for construction of three telescopes to be located on Emerald Peak. This project in the Coronado National Forest was authorized by Congress and allowed to bypass our nation's environmental laws. This was a terrible mistake but Congress acted on incomplete information. Arizonans are asking the Secretary of Agriculture to stop helping the University of Arizona slide around anymore and disallow the Large Binocular Telescope to be built on Mount Graham. There are suitable alternative sites. (*Ms. Carolina Butler, Citizens Concerned About the Project*)
- I want to protest building a bridge across Red Rock Crossing in Sedona. This is a park with a splendid view that attracts tourists from all over the world. If there is going to be development, they can get there on horse or foot. (*Ms. Virginia Harris, Citizen—Scottsdale, Arizona*)

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### Alternative Enterprises and Uses

- We have been an advocate of alternative crops and alternative uses for traditional crops for many years. We would like to see additional work done in developing alternative crops and in researching new uses for current crops. A cooperative effort involving both government and the private sector or perhaps a tax incentive could be effective and productive. (*American Agri-Women*)
- Our organization would like to improve farm income by using what now goes to waste. We would like prosperity without pollution. Two new cash crops that we would like to bring to your attention are carbon and hydrogen. Carbon can be made out of manure by using solar energy. Hydrogen is a smaller cash crop, but important in the sense that we can see it so clearly as a replacement fuel. We need to make an eminent market for these new cash crops. The government needs to provide leadership and help provide a market for these new crops. If the government helps build a market for these environmentally friendly crops, we will help both the farmer and the environment. (*American Hydrogen Association*)
- Organic cotton production is small but quickly growing niche being driven by environmental concerns. The growing organic farming movement is encouraged by the work of the National Organic Standards Board, with the cooperation of the USDA, in developing standardized rules and regulations for the production of certified organic food and fiber. The USDA and ARS need to commit more resources for research on organic farming techniques. We should all remember that all farming was organic until fairly recently. We need to relearn some of the old and develop some new management tools. Currently, the most pressing needs are for weed control, fertility, and cotton defoliation. (*Natural Cotton Colours*)

- The ratite industry in the United States would like to receive acknowledgement from the Federal government as to the reality of its viability. Concerns we have include the close supervision of privately and federally operated quarantine stations allowing eggs and chicks into the country. It is not only a matter of inspecting for diseases that affect poultry, but also actively developing tests that will identify pathogens and parasites that could affect the ratite population. A permanent marking system identifying imported chicks is also an important issue for the ratite industry.

A second major concern is the USDA classification for slaughter and meat processing purposes. The tendency to think of these birds as poultry or livestock is incorrect. We need to look toward the future and not depend on old rules, regulations and guidelines that bog down the progress of this important new industry. An innovative approach is what is required today to launch the ratite industry toward its natural future. (*Arizona Ostrich/Emu Breeders Association*)

- To increase commodity prices and farm income, we should increase production of ethanol. (*Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan*)
- Oil interests are keeping a stranglehold on retail fuel suppliers which keeps ethanol from being available. (*United Farmers Organization*)
- As President of the North Carolina Ostrich Breeders Association, I encourage USDA to look at the benefits of raising ratites, which include ostrich, emu, and rhea. There has been phenomenal growth in this industry, and we need support to continue the research efforts currently underway at the Ostrich/Ratite Research Foundation. A ratite farm can revitalize a family farm, bring a high rate of return, and develop possible export markets. (*Ostrich Breeders Association*)
- We should increase production of ethanol. (*Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan*)

- Development of new domestic and international markets for value-added products would improve farm income. This can be accomplished through the research and marketing efforts of the Alternative Agriculture and Research Commercialization (AARC) center, existing export programs and private industry. (*Iowa Farm Bureau Federation and Mr. Dale M. Cochran, Secretary of Agriculture, State of Iowa*)

- We encourage USDA to seek increases in its appropriations for research in new uses of agricultural products as well as continue to develop new initiatives with private sector investors. Additional initiatives should be sought with other government entities for collaborative research efforts that could produce new ways to boost farm income and new jobs for Americans. (*Iowa Corn Growers Association*)

- We must give more attention to developing additional non-traditional uses for our agricultural products. Currently, 85-90 percent of USDA's research funding is invested in production agriculture. Research funds should be more heavily involved with the development and marketing of value-added agricultural products and should take precedence over USDA funded research for production agriculture. (*Agricultural Products Advisory Council*)

- Incorporation of Bison meat into the food chain represents a potential new income opportunity from wildlife. Recognition of Bison as an important species in the bovine family and support for research may provide long-term benefits to the socio-economic, health and welfare of humans. (*Nutrition Physiology Group, Department of Animal Science, Iowa State University*)

## New Technology

- A key to profitable agriculture in Arizona is the ability to make optimal use of land and water. The integration of aquaculture and agriculture is a potentially successful method for achieving this goal. A double use of water is realized and in Arizona where water costs tend to be high, this option could be of great benefit. In 1991, with the assistance of the University of Arizona Cooperative Extension, the Maricopa Indian Cooperative Association initiated the Pee Posh, fish farm project as a method of diversifying the crop base and improving farm income. For a small-scale test, the results were encouraging. Pee Posh is an example of how a public-private partnership can work to accelerate research and development processes. You at USDA can be a catalyst for this process.  
*(Arizona Aquaculture Association)*

- I would like to introduce two new technologies. The first one is Surefield Systems, a hydroponic system. It is a system in which the water base is replaced by a sponge which is kept moist. One of the keys to the system is a special shaft seal, about the shaft of each plant, which prevents bugs from getting in and prevents moisture from getting out. It can be used almost any place because it is an enclosed tank. It has spacecraft applications because of its light weight and sealed shaft. It can be used at any altitude and placed in rocky or mountainous soil.

The second new technology is a refrigeration system. It does not require the use of freon or freon substitutes, HCFCs, which have been mandated for a limited period of time. Because we have replaced the compressor with a column of water, using the gravity pressure of the water, the water moves in a circle. At the bottom you get enough pressure to recondense and recompress the refrigerant gas, and we use N-Butane, which is totally benign. The energy level is substantially better than anyone else on the market, and even better than a new substitute. Obviously, refrigeration has a large place in agriculture, from getting crops in from the field, to storing them, to transporting them. The system is not good on trucks or trains because of the high column, but is good in warehouses and storage. Both systems can be taken around the world because of simplicity, maintainability, and low cost.  
*(Surefield Systems, Inc. and Star Tech Corporation)*

## Availability of Credit

- Several existing authorities which regulate the Farm Credit System are outdated. The Farm Credit System is often unable to utilize our established network of lending offices, experienced credit staff and financial capacity to help new businesses get up and running in rural areas. With only minor changes, the full capabilities of our established Farm Credit network can help boost income in rural America without creating new programs, starting new bureaucracies, or spending one penny of federal tax dollars.  
*(Farm Credit Services of Omaha)*
- The older farmers can't afford to sell out because the younger farmers can't start. Neither the Farm Credit System nor the banking industry will finance younger farmers unless they have more net worth.  
*(Mr. LeRoy Paulson, Family Farmer, Dodge Center, MN)*
- USDA's own figures for 1990 show a per-acre loss from corn farming. This dismal climate had lenders afraid to make loans except to the most secure. The Farm Credit System chooses to lend their money to contract feeding operations with large regional cooperatives.  
*(Iowa Farm Unity Coalition)*
- Interest overcharges take away income, which is already inadequate. I believe the Farm Credit officials have violated the spirit and intent of the law (P.L. 100-233) and their own board policy and regulations in dealing with debtors with variable interest rate loans. Before any more Farm Credit district mergers are allowed, there must be an audit reported to the public to ensure compliance with established procedures and congressional intent.  
*(Mr. Keith McGruder, Former Omaha and Louisville Farm Credit Employee and Family Farmer, Geyser, MT)*
- Uncontrolled rate spreads, variable interest rates and differential interest rates (which increase the rate spread to targeted borrowers) charged by the Farm Credit System are violations of the U.S. Code Title 7 Section 1927, and have resulted in massive farm liquidations. We request public hearings to expose these violations. There needs to be an immediate debt moratorium put in place until investigations can be conducted, the results analyzed, and policy changed to conform with the U.S. Code.  
*(Ms. Sue Atkinson, Investigative Writer and Former Farm Credit Employee)*

- The Certified Lenders program established by the Agricultural Credit Improvement Act of 1992 empowers bankers to use more of their own lending expertise, and seeks to remove regulatory impediments which have frustrated the delivery of credit to rural America. However, onerous environmental certification requirement on the new application form, and excessive appraisal requirements for CLP lenders are a serious hindrance for banker participation. Finally, a simplified loan application form would mean that more guaranteed loans would be made by more banks. Small guaranteed loans are not being made now because the paperwork burden is too expensive for banks to process. (*American Bankers Association*)
- Arizona's agriculture community has been under severe economic pressure since the late 1980's and the situation has worsened for some with the white fly infestation and the flooding problems on the Gila River. A program is needed to assist farmers and their lenders in resolving the difficult situations found throughout the state. Such a program has been created and is called the Agricultural Loan Mediation Program, administered by the Arizona Department of Agriculture. It is designed to offer assistance to the agricultural community—both borrowers and lenders—by providing loan mediation services. (*Private Forum, Inc.*)

#### **Farmers Home Administration Loans and Foreclosures**

- Congress should establish FmHA guidance on the following: (1) the level of loan losses that Congress is willing to accept, (2) the length of time over which borrowers should be allowed to receive FmHA assistance, and (3) the kind of assistance that may be made available to unsuccessful borrowers leaving farming. (*U.S. General Accounting Office*)
- U.S. farm equity losses in the previous two administrations has accrued to \$300 billion dollars. Consider this against the cost of write-down legislation currently in force. Suggested remedies:
  - An objective case by case examination on claims of negligence and repatriation of those farms when qualified by facts and law to farm families.
- Change the rules on appointment of county committee members such that only self sufficient peer agricultural producers who have no outstanding government loans and who would be voluntarily exempt from obtaining loans from any government loan program doing away with the possibility of conflict of interest.
- Do away with piecemeal subsidy programs that only foster dependence on governmental largesse and create a false ag economy.
- Oversight to insure that prospective purchasers of surplus properties from government inventories don't have any special interest connection to the individuals whose decisions appropriated those properties and/or made them available and obtainable.
- Stringent criminal prosecution of parties in or out of government who exceed the threshold of immunity designed to protect government agents discretionary actions if it may be substantiated that action fell outside that protective envelope and there was prior intent involving harm to any fellow citizen as the result.
- Aggressive review of the policies and activities of each State FmHA office seeking evidence of discrimination under the guise of discretionary action.
- Amnesty program with time restrictions for government agents having knowledge of miscreant behavior to make that information available to the Office of Secretary of Agriculture for review; or upon a finding subsequent to the closing of the amnesty of knowledge, or involvement, or a passive participation, aggressive prosecution and remedial action. (*Mr. Paul Carroll, Retired Farmer and American Agriculture Movement*)
- The high FmHA interest rates are hurting farmers. Therefore, interest rates should have maximum level rates. (*United Farmers Organization*)

- U.S. agriculture has been forced to compete on an uncertain international stage. Thus, there is continued pressure on farmers to obtain short-term and long-term capital to reduce risk. These are reasons why NCAFA, as a state agency, should continue to work in partnership with FmHA to provide FmHA loan guarantees. Improve the forms and paperwork requirements that go with FmHA loans. Second, the FmHA guaranteed farm ownership loan limit is set too low. An alternative is to give the \$300,000 limit with an additional \$300,000 during a period of 5 years if the borrower has performed well. (*North Carolina Agricultural Finance Authority*)
- There is a crisis in agriculture in the United States, and North Carolina leads the Southeast in loss of farms. In the last 12 years, North Carolina has lost 35 percent of its farms as the result of natural disasters, reduced credit, increasing costs, and lower commodity prices. The impact of this crisis is especially acute for minority farmers, who go out of business at over three times the rate of majority farmers. The causes of this land loss are denial of credit, discrimination towards assistance programs, and manipulative property transfers. Much of the discrimination can be traced to employees of local FmHA offices. (*Land and Loss Prevention Project, Durham, North Carolina*)
- I have been trying desperately to overcome the effects of the 1986 drought years. I applied for an FmHA loan, but was refused the right to apply for the loan because the loan officer saw a swimming pool in my backyard. The swimming pool is necessary for personal health reasons, and was recommended by my physician. After denial of the loan, I discovered there is a book printed by NCSBT-DC that could have assisted me. A section of the book is entitled **FmHA Interest and Assistance in Small Business**. I wish I had known about this information sooner. For the wrong that was done to me I am seeking the dismissal of Mr. Dougherty from the FmHA state payroll of SBTDC. (*Hemrick House Lighting, Hamptonville, North Carolina*)
- My farm was taken away from me by the FmHA through a racial and political action motivated by retaliation for my congressional testimony on September 26, 1984. My testimony was before Congressman Edwards' sub-committee on civil and constitutional rights. Mr. Secretary now has the opportunity and responsibility during USDA's reorganization to remove this institutionalized system of racism. Please refer to the attached letters in support of my testimony. (*Mr. Tim Pigford, Farmer, Riegelwood, North Carolina*)

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## Maintenance of a Safe Food Supply

- Emotional policies, such as the Delaney Clause, should be rejected. (*Northwest Horticultural Council*)
- Pursue a policy of safe but necessary chemicals. Acceptable international data need to be shared among all interested countries, thereby avoiding duplicative testing. (*Northwest Horticultural Council*)
- We need an effective way for Animal and Plant Health Inspection Service and Foreign Agricultural Service to work together. We need to restructure USDA so it can remove technical barriers of international trade. (*Northwest Horticultural Council*)
- USDA should take a lead role in the food safety debate. (*Northwest Horticultural Council*)
- Science needs to be advanced thus increasing support for the Agricultural Research Service. (*Northwest Horticultural Council*)
- Harmonize the international chemical area. (*Northwest Horticultural Council*)
- Find an acceptable alternative to methyl bromide. (*California Walnut Commission*)
- Use science as the basis for decisions on food safety and nutrition. (*Rice Millers Association*)

- Congress should hold oversight hearings to evaluate options for revamping the Federal food safety and quality system, including:

- (1) Creating a single food safety agency responsible for administering a uniform set of food safety laws.
- (2) Creating a uniform set of food safety laws that are administered by the current Federal food safety agencies, or
- (3) Establishing a blue ribbon panel to develop a model for inspection and food safety enforcement based on the public health risks posed by the products and processes.

*(U.S. General Accounting Office)*

- ANCW supports the concept of instructional labels on food products that will remind consumers and food service operators of proper cooking and handling procedures. Nutrition labeling outlining care and handling instructions to develop educational materials on food safety position beef in a well-balanced diet. Everyone, from producers to retailers and consumers has a responsibility for food safety. The educational label will serve to remind everyone of the importance of proper handling and cooking of all foods. *(American National CattleWomen, Inc.)*

## Health Insurance

- Affordable health insurance is a concern of ANCW and the nation. It is a national problem that must be resolved. *(American National Cattle Women, Inc.)*

## International Perspective

### Expansion of Competitive and Open World Markets

- Emphasize expanding markets, especially priority markets where income growth and population result in more opportunities for sales, such as in Mexico and Asia. *(Senator Leahy)*
- U.S. farmers should not have to compete against foreign treasuries. *(National Cotton Council and the Rice Millers Association)*
- Eliminate trade distorting policies. *(Louisiana Rice Growers Association and the Rice Millers Association)*
- Trade policies should be market-oriented—an international trade agreement is needed (passage of GATT and NAFTA). *(National Grain and Feed Dealers Association, Rice Millers Association, California Walnut Commission and the National Cotton Council)*
- Increasing markets without producers receiving a fair price is an exercise in futility, because it will only continue to erode producer assets along with our precious natural resources. We cannot go back to the mentality that lower loan rates will increase exports and, hence, solve all our problems. *(National Farmers Union and the Agricultural Women's Leadership Network)*
- I would like to focus on the necessity for increased emphasis on building foreign markets. I hope our agriculture attaches become commercial attaches. We have a tremendous opportunity to increase markets for American farmers and reach people that have a need. *(Mr. Bert Tolleson, Entrepreneur and Former Government Official)*
- We must aggressively protect and open new foreign markets for U.S. agricultural products to improve farm income. Congressional approval of NAFTA is a must. A successful GATT is also needed. If the U.S. is not willing to push for a reduction in barriers to free trade through the GATT, then we must be committed to aggressively pursuing those markets through EEP and MPP. *(Iowa Farm Bureau Federation)*

## Agricultural Trade Policy

- Credit problems in the Former Soviet Union and diplomatic concerns with China may reduce our exports to those countries. Hence, we urge revisions in export policy to be more aggressive in seeking other export markets around the world, such as in Mexico and South America. (*Nebraska Wheat Board*)
- Beef cattle are one of the finest examples of a value-adding industry. USDA programs to expand and facilitate value-added trade must be a priority. The Market Promotion Program (MPP) has been very important to our beef sales overseas. (*Iowa Cattlemen's Association*)
- The trade climate with trading blocs such as the Pacific Rim is an issue of prime importance. This is a diplomatic function of the administration. However, our exceptional food safety and quality assurance systems have been the key to getting and keeping the business. (*Iowa Cattlemen's Association*)
- Expanding agricultural trade, either in bulk commodities or value-added products, is by far the most important ingredient to the future of agriculture. (*Nebraska Farm Bureau Federation*)
- Our nation's foreign policy should not use agricultural exports as a weapon. Denying other countries access to U.S. agricultural products does little to force compliance with U.S. foreign policy requirements. It does cost the American farmer markets and makes us an unreliable trading partner. (*Iowa Farm Bureau Federation*)
- We should adopt an EEP program for corn and soybeans to offset the projected lower exports. Such a program shouldn't cost much because it should raise prices and reduce deficiency payments. (*Iowa Young Farmers Education Association*)
- We should end cargo preference and let worldwide shipping companies bid on freight. Also, we should treat our export customers "right" by ensuring that our exports meet the quality standards that the shipment said it was. (*Iowa Young Farmers Education Association*)
- Exports are not the salvation of farm programs. We need to concentrate on value-added exports rather than on selling bulk commodities at the lowest possible prices. Emphasis on value-added commodities would create income for the producers of our food and fiber and also create new businesses and jobs in our rural communities. (*Iowa Farmers Union*)
- We encourage USDA to continue to take an aggressive stance on ensuring that the appropriate programs and policies are in place that allow U.S. producers to not only have access to, but a competitive place in, international markets. (*Iowa Corn Growers Association*)
- For too long USDA has told us that exports and free trade would save us. Yet after 12-year obsession with free trade, we have lower and lower farm prices along with lower and lower export values at the same time. (*National Farmers Union*)
- The Market Promotion Program (MPP) is an essential element for promoting value-added products in international markets and gaining market share. For the United States to remain competitive in world markets, funding needs to be restored to MPP. (*Agricultural Products Advisory Council and Iowa Pork Producers Association*)
- Our colonial days ended in 1776, yet in many ways we continue to act as colonies by shipping two-thirds of the agricultural commodities that we produce in a raw form to other countries. Just the opposite is true in Europe. We must develop a promotional program for our value-added production that has the full support and backing of the federal government. The MPP program has been an excellent tool to assist small and medium-sized food companies in introducing their value-added products overseas. (*Mr. Dale M. Cochran, Secretary of Agriculture, State of Iowa*)
- Value-added markets have tremendous growth potential. But that growth is inextricably linked to the United States having consistently competitive prices and reliable supplies. Let's not let our expanding customer base in value-added markets down by short-sighted supply-control policies. (*Iowa Grain and Feed Association*)

- USDA, the Administration and Congress, must continue to support programs to increase the development of export markets for Iowa soybeans, such as the Export Enhancement Program and the Market Promotion Program. These programs must be targeted to establishing markets in those countries in which the United States is facing unfair competition, such as in the European Community. (*Iowa Soybean Association*)
- The development of increased value-added uses for agricultural products needs to be a key part of any federal efforts in support of increased agricultural profitability. Value-added export of the soybean industry includes the increased export of livestock products and support for efforts to strengthen the livestock industry. (*Iowa Soybean Association*)
- We are extremely restricted by Canada's rule of quarantining American swine breeding stock. The quarantine facilities are entirely inadequate for easy importation and act as an effective vehicle for restricting trade. It is time for the Canadians to either pull down their sham quarantine stations or maybe we should consider implementing the same system for Canadian stock entering the United States. (*Babcock Swine, Inc.*)
- If the United States is going to be successful in the export business, we will have to become a lot smarter and learn how to play the game when countries use health requirements, quarantine facilities, etc., to restrict our exports. International trade isn't always a fair game. (*Babcock Swine, Inc.*)
- We recommend an export program based on quality and value-added products instead of quantity. (*American Corn Growers Association*)
- I believe that free trade is evil. Free trade allows cheap foreign goods to drive down prices and wages. It causes our country to debt finance and it puts citizens in debt bondage. Free trade is unconstitutional (Article I, Section 8, Subsections 3 & 5). We must promote world trade as much as possible, but not free trade. It must be fair trade on an equal basis. (*Hardin County Farmers Union*)
- The apparent FAS bias towards bulk commodities has hurt the turkey industry. In the near term, any new income for U.S. producers must come from increased exports. Stronger USDA commitment to value-added products almost certainly would increase turkey sales overseas. Support must be maintained for EEP and MPP. (*Iowa Poultry Association*)
- USDA assistance in developing foreign markets for around 250 million spent laying hens each year plus millions of spent broiler breeder hens would significantly improve the poultry/farm income. (*Iowa Poultry Association*)
- The U.S. government has failed to recognize the unfair trade goals an unregulated monopoly such as the Canadian Wheat Board pursue. Our Canadian competitors continue to use the lack of price transparency, transportation subsidies, wheat pool deficits, and Gross Revenue Insurance Program (GRIP) losses unfairly against U.S. producers. (*U.S. Durum Growers Association*)
- Although important, we must strive for fair trade policies that recognize the need for producers to receive a fair market price, regardless of their nation. Non-economic factors like environmental concerns must also be included in the development of world trade policy. The issue of border inspections such as health and safety must be examined as such and not as a competitive barrier. The value of trade is to add value to our products which creates income for the producers, not selling raw commodities at the lowest price possible in order to create and maintain competition. (*Rocky Mountain Farmers Union*)
- Should we pass international agreements that institutionalize low prices and remove supply management as a tool to raise the price? I'm talking about the GATT agreement and the North American Free Trade Agreement. What is going to happen to foreign producers who sign these agreements? For instance, Mexican wheat growers now receive a subsidized price of \$6.90 per bushel for their grain. Why should we deliberately reduce them to poverty level and run them out of business by forcing them to accept the same ridiculously low price with which American farmers now struggle? (*Women Involved in Farm Economics (WIFE)*)
- Any trade agreement should be rejected if it does not include a meaningful social contract—rules that establish baseline standards for health, labor, law, working conditions, the environment and wages. (*Mr. Larry Ginter, Family Farmer, Rhodes, IA*)

- We support trade agreements that are founded on democratic principles and fair to rural people of all nations, maintaining respect for domestic farm programs to protect food security and the well-being of farmers, to end export dumping (the sale of commodities at less than cost of production), and to establish a shared responsibility among developed nations for maintaining world food reserves and reducing production in times of surplus. (*The Rural Caucus (Iowa Democratic Party)*)

### **Improvement and Expansion of USDA Export Programs**

- Maintain world representation for market intelligence, trade promotion, and trade policy purposes. Information and education about U.S. agriculture and exports are needed. (*U.S. Agricultural Export Development Council*)
- Balance GSM program issues, such as market development, trade enhancement, and foreign policy on one hand and creditworthiness and credit requirements on the other hand. (*CoBank Denver, Colorado*)
- Place additional marketing emphasis on value-added trade. (*National Grain and Feed Dealers Association*)
- USDA should seek expanded funding for both the Cooperator Foreign Market Development Program and the Market Promotion Program. (*U.S. Agricultural Export Development Council, Northwest Horticultural Council, California Walnut Commission and the National Cotton Council*)

- USDA should use GSM-103 credit to the fullest extent possible and grant it to newly emerging democracies, such as Romania. (*Mr. David Garst—Double G Ranch, Iowa*)
- USDA should provide for a dairy cattle EEP program. (*Agri-International, Inc.*)
- USDA should support and make more efficient commercial export programs such as GSM, Eximbank, and P.L. 480. Continue to use EEP but its focus should be short-run not as a means to ensure long-term growth for agriculture. (*CoBank Denver, Colorado*)
- USDA should seek expanded funding for the Foreign Agricultural Service. (*Northwest Horticultural Council*)
- USDA should set a goal of \$60 billion for international sales of U.S. agricultural products by the end of the century. (*Northwest Horticultural Council*)
- USDA should develop a trade opportunity program modeled after an earlier program from the Department of Commerce. (*CoBank Denver, Colorado*)
- Fundamental changes are necessary in USDA's domestic and international programs—some are vestiges of the 30's, 40's, and 50's and must be dismantled. The Food for Progress (FFP) program should be used to monetize commodities in countries such as Russia. The GSM credit guarantee program should be restructured to include processing equipment and other farm-related items. The FFP program should work directly with private groups, such as Volunteers in Overseas Cooperative Assistance (VOCA), to better target the aid. High-value products must be promoted by credit programs. Branded items should be phased out under the Market Promotion Program (MPP), and matching funds paid by the exporter should be increased. (*Representative Timothy Penny Chairman—U.S. House Agriculture Subcommittee on Foreign Agriculture and Hunger*)
- Broaden the U.S. Government involvement in export programs—particularly food aid to developing countries. Funds for the Public Law 480 program should be increased to \$3 billion per year. (*Archer Daniels Midland Company*)

- USDA should continue market promotion and programs to the former Soviet Union. (*North American Export Grain Association*)
- USDA should continue current funding levels for MPP and GSM programs, but rethink creditworthiness requirements for GSM credit guarantees. These requirements undermine the effectiveness of the program. (*U.S. Feed Grains Council*)
- The GSM program is more cost-effective than the P.L. 480 program in meeting U.S. export needs; however, GSM creditworthiness requirements are limiting the program's use. (*World Perspectives*)
- USDA should relax country risk criteria under the GSM-103 program to fully utilize the program. The GSM-103 program should be granted to any emerging democracy. (*Mr. Garst, Double G Ranch*)
- We must reduce the protectionism of government programs—dwindling funds will lead to a reduced government role around the world. (*California Department of Food and Agriculture*)
- We must improve the participation of minorities in the export enhancement program (EEP), market promotion program (MPP), and the earned income tax credit program. (*Representative Cynthia McKinney—U.S. House Committee on Agriculture*)
- Tobacco exports generated \$40 billion in income for American workers and \$10 billion in federal, state, and local tax revenues. This foundation of rural communities throughout the Southeast is being destroyed by proposals to increase excise taxes, declining domestic consumption, and cutbacks in export program funds. Congress recently eliminated USDA's MPP funds for tobacco, which had previously achieved positive results in places such as Turkey. We propose that USDA restore MPP funds for tobacco growers and give tobacco growers access to export assistance programs such as GSM-102 and GSM-103 credit guarantees. (*Flue-Cured Tobacco Cooperative, Stabilization Corporation, Raleigh, North Carolina*)
- Tobacco exports make a significant contribution to the U.S. economy. In 1992, net exports of leaf tobacco and products contributed \$4.8 billion to the Nation's balance of trade and provided jobs for about 300,000 people. However, a number of forces threaten to diminish our exports, decrease farm income, and punish the tobacco industry unfairly. U.S. tobacco exporters are refused access to GSM credit guarantee programs. Second, Congress decided that tobacco cannot receive MPP funds to promote exports. We ask USDA to continue MPP funds and the GSM program for tobacco. (*Leaf Tobacco Exporters Association, Raleigh, North Carolina*)
- One of the issues is low commodity prices. To increase commodity prices and farm income, we should increase grain trade with foreign countries using the barter system. (*Ms. Susan Sawatzki, Wife of Farmer, Saginaw, Michigan*)
- Increase use of the export enhancement program (EEP) to fight unfair subsidizing of other nations' products. (*Ms. Peg Malone, Concerned Citizen, Burt, Michigan*)
- International trade plays a crucial role for the U.S. dairy industry. Dairy product exports, which have doubled the last 3 years, prevent domestic prices from lowering. Specifically, the DEIP program, or Dairy Export Enhancement Program, enables U.S. dairy producers to compete with the export subsidy programs of the EC and Canada. Without exports driven by DEIP, the CCC would have to resort to purchasing the excess dairy products under the price support programs. (*American Agri-Women*)
- We recommend that USDA continue promotion of the Dairy Export Incentive Program (DEIP). DEIP activities help stabilize domestic prices. (*Carolina's Milk Producers Federation*)
- The United States lacks a credible, long-term strategic plan to direct Federal trade efforts. We recommend that USDA's resources be allocated strategically towards an agricultural export plan. One example of a successful program is the Market Promotion Program and the Foreign Market Development Program. However, private sector contributions should be mandatory for these market programs, and the funds should go directly to individual companies, not trade associations. The Foreign Agricultural Service should not be the marketing agency for products, but a partner working with the U.S. private sector. The Export Enhancement Program (EEP) and the credit guarantee programs are other effective tools for export market development. (*U.S. Meat Export Federation*)

## **Passage of the NAFTA and the Uruguay Round and Their Implications for U.S. Agricultural Products**

- Passage of these market-opening agreements will make sure U.S. farmers get fair play in foreign markets.  
*(Mr. Mike Espy, Secretary of Agriculture)*
- We need a major market access opening agreement on agriculture in the Uruguay Round. In terms of the NAFTA, agriculture is a very big winner.  
*(Ambassador Michael Kantor—U.S. Trade Representative)*
- It is imperative to open markets in our hemisphere, and passage of the NAFTA begins that process.  
*(Representative Timothy Penny, Chairman—U.S. House Agriculture Subcommittee on Foreign Agriculture and Hunger)*
- Passage of the NAFTA will lead the way for massive grain import needs by Mexico.  
*(Representative Timothy Penny, Chairman—U.S. House Agriculture Subcommittee on Foreign Agriculture and Hunger)*
- The Uruguay Round, based on the Dunkel Text, will add about \$4 billion to annual U.S. exports and raise farm income by about \$1 billion. Passage of the NAFTA will result in an additional \$2 billion in agricultural exports to Mexico. The “great big sucking sound” will be U.S. foods going south to Mexico, not U.S. jobs.  
*(Ms. Ann Veneman, Former Deputy Secretary of Agriculture)*
- Completion of GATT and the NAFTA process will result in lower trade barriers; the United States will gain new export markets.  
*(North American Export Grain Association)*
- We must open markets through a Uruguay Round and the NAFTA agreement.  
*(World Perspectives)*
- Through the Uruguay Round and the NAFTA, we’ll get the best open trading system we can.  
*(Mr. Gene Moos, Under Secretary of Agriculture)*
- Passage of the NAFTA and the Uruguay Round will be detrimental to U.S. farmers. I am amazed how Ambassador Kantor (USTR) and many farmers can start out at the same place and end up with completely opposite conclusions.  
*(Representative Cynthia McKinney—U.S. House)*
- Arizona is proud of the bilateral livestock health agreement signed in 1992 by state and cattle industry officials in Arizona and Sonora, Mexico. Arizona state government strongly supports the North American Free Trade Agreement (NAFTA).  
*(Mr. Keith Kelly, Director—Arizona Department of Agriculture)*
- Since 85 percent of our cotton goes to the Far East, we are very interested in trade issues. We support USDA’s position on the GATT and NAFTA and look for their enactment.  
*(Arizona Cotton Growers’ Association)*
- I am in favor of increasing farm exports especially into Mexico, and am in favor of ratification of NAFTA. Last year the U.S. exported over 125 million dollars worth of dairy products into Mexico, while only importing 3 million dollars of dairy products, mainly cheese from goat milk.  
*(Mr. Conrad Gingg, Dairy Farmer—Glendale, Arizona)*
- Strong farm management programs must be maintained and global markets pursued. NAFTA is good for agriculture and a step in the right direction.  
*(Mr. James A. Graham, Commissioner of Agriculture, State of North Carolina)*
- A number of forces threaten to diminish our exports, decrease farm income, and punish the tobacco industry unfairly. A congressional restriction on imports of key foreign tobacco has angered foreign customers. We ask that USDA continue support to overcome non-tariff trade barriers abroad such as China’s phyto-sanitary regulation barring U.S. tobacco. We support NAFTA and the potential for opening markets that are now closed to U.S. tobacco.  
*(Leaf Tobacco Exporters Association, Raleigh, North Carolina)*
- We support the GATT and NAFTA negotiations. Our reservations are that we will lose the protection of Section 22. Producers of Section 22 commodities cannot compete with low-cost developing countries. A level playing field goes beyond tariffs and non-tariff barriers. Future USDA policy must allow agriculture to be competitive, flexible, and stable, and agricultural exports are crucial to maintaining a viable industry.  
*(North Carolina Farm Bureau)*
- We support passage of NAFTA.  
*(North Carolina Soybean Association)*
- Free and fair trade must be encouraged for agriculture products.  
*(Mr. Murray Corriher, Farmer, China Grove, North Carolina)*

- Agricultural exports and farm income are inextricably linked. Expanding exports of U.S. agricultural products is a matter of national interest. Thus, the Meat Industry Trade Policy Council firmly supports the NAFTA as well as the conclusion of the Uruguay Round of the GATT. We are against the Blair House Agreement's provision which enables countries to aggregate commodities to meet import levels; this will result in 300,000 to 400,000 metric tons of lost pork exports to the EC. However, we do support the Agreement's prohibition of the EC's subsidized beef products from entering new markets in the Pacific Rim. Finally, we support the proposed sanitary and phytosanitary provisions of the Uruguay Round. (*U.S. Meat Export Federation*)
- America's small and medium-sized mainstream producers will face extreme hardship under the NAFTA agreement. The supplemental agreements will have a devastating impact on U.S. peanut producers, the dairy producers, the livestock and meat packing industry, the environment, and the country's supply and price management programs. The principal benefactors of NAFTA will be the multi-national grain dealers. (*Farm Plan Advocate, Oak City, North Carolina*)
- NAFTA should not be approved if it includes the loss of Section 22—this would deprive milk producers of the ability to use supply management programs. (*Pennsylvania Farmers Union*)
- USDA must stop foreign dumping of agricultural products into the U.S. by assessing tariffs and duties on imports from countries which do not have similar wages and costs of production. (*Ms. Peg Malone, Concerned Citizen, Burt Michigan*)
- The GATT and NAFTA agreements spell disaster for U.S. farmers. In response, USDA should continue the moratorium on farm and small business foreclosures and repossession. (*United Farmers Organization*)
- NAFTA cannot be supported because it will abolish Section 22, resulting in a flood of cheaper, imported goods. (*Land and Loss Prevention Project Durham, North Carolina*)
- Pending trade agreements, particularly NAFTA, are a threat to producers of peanuts. The replacement of Section 22 with tariff rate quotas will give Mexican growers an economic advantage over U.S. producers. As subsidies decrease, U.S. corn and soybean could induce Mexican producers to shift to commodities such as peanuts. Peanut producers also fear increases in imports of peanut butter from Canada, a repeat of what happened since ratification of the Canada Free Trade Agreement. Canada imports peanuts from Argentina and China and re-exports butter to the U.S. Finally, legislation must contain provisions about quality for reentry of previously exported peanuts. (*North Carolina Peanut Growers Association*)
- I have concerns about the proposed trade agreements, GATT and NAFTA. I feel the concept of a level playing field has been abandoned because other countries will have an advantage after the proposed reductions in export subsidies. I disagree with NAFTA's proposed replacement of Section 22 import quotas with a system of tariffs (i.e. tariffication). The U.S. milk prices would still be too low even if world prices rose 30-40 percent, thus threatening the profitability of U.S. dairy farmers. Increasing market share does little good to the U.S. farmer if domestic prices must be reduced. (*American Agri-Women*)
- Our industry feels increased exports will only benefit the multi-national grain traders and poultry processors; the farm income of contract growers will not increase by one penny. (*Rural Advancement Foundation International*)
- Many of the fears of NAFTA are not well founded, for example, the loss of American jobs to Mexico. The United States should want to compete with workers at the high end of the wage distribution, not at the low end. The cost of labor services, not the wage rate is the real issue. High levels of productivity in the United States tend to give U.S. workers an advantage even though their wages are much higher than in Mexico. This advantage is reinforced by the efficient U.S. marketing system and physical infrastructure. (*Council for Agricultural Science and Technology*)
- Under NAFTA, there generally would be a gain to U.S. producers of grain, oilseeds, livestock, and possibly dairy. The fruit and vegetable producers in Florida, California and Arizona would bear a significant share of the adjustment costs from trade liberalization. Retraining programs must be provided for those dislocated by the lowering of barriers to trade. In some cases subsidized credit or grants to assist in relocation and temporary sustenance until alternative employment is obtained would be desirable. (*Council for Agricultural Science and Technology*)
- The goal of the U.S. in GATT should not be to limit supports for farmers, but rather to have all grain exporting countries implement land diversion programs to eliminate excess production. Dissimilar countries have and will continue to carry out different programs to ensure food security and environmental protection. It is simply unrealistic to assume that a "level playing field" will ever exist in world grain production and trade. (*Nebraska Wheat Board*)

- Passage of NAFTA along with a successful conclusion toward GATT will go a long way in improving farm income. For a 500-acre corn farmer who averages 100 bushels per acre, passage of NAFTA could eventually lead to a \$5,000 increase in farm income. (*Nebraska Farm Bureau Federation*)
- We should get tough with GATT negotiations and our U.S. agricultural ambassadors. We need individuals with good farm business background, common sense, and strong negotiation skills. The United States should be able to set world grain prices. (*Iowa Young Farmers Education Association*)
- Congressional ratification of NAFTA is critical to the long term income improvement of the midwestern farmer. The great sucking sound that Ross Perot refers to as a result of NAFTA is not the loss of American jobs to Mexico, it is the increased amount of U.S. agricultural products (both bulk and value-added) that Mexico will import once NAFTA is approved. (*Iowa Corn Growers Association*)
- Please don't tell us how wonderful NAFTA will be for farmers because we know better. What's good for the grain cartels is not good for farmers. Even if we can sell more Iowa corn to Mexico, grain producers will not reap the benefits. (*National Farmers Union*)
- We need to examine the GATT and NAFTA concepts of trade and speak out as to who benefits and who loses. The issues are food quality and safety standards, loss of farm income, destroying family farmers in America and other nations, and loss of good paying jobs for our workers as plants move to Mexico. The obvious benefits are to industries moving to Mexico to take advantage of cheap labor and reduced or no environmental pollution laws. (*Iowa Farm Unity Coalition*)
- We strongly support NAFTA and encourage USDA to take an aggressive role in negotiating positions which strongly favor American agriculture in the GATT and other trade discussions. (*Illinois Department of Agriculture*)
- Long-term growth for U.S. agriculture depends on a new GATT agreement. There should be no retrenchment, no backing away from the Blair House Agreement. It didn't accomplish all it should, but we've come a long way since the Uruguay Round negotiations began. (*Kansas Farm Bureau*)
- NAFTA must be ratified. Mexico is our number three market today and we cannot afford to let it slip away into the hands of other countries. The two most important segments of the agricultural economy to Kansas are livestock and grains. All credible studies indicate tremendous opportunities for beef, pork, corn and wheat with the ratification of NAFTA. (*Kansas Farm Bureau*)
- GATT holds great long-term potential through reduction in subsidies and improved market access. We support U.S. efforts to attain a level playing field through GATT. We are also a strong supporter of NAFTA. Mexico is already our fastest growing pork customer in spite of current tariffs of 20 percent on all pork, pork products, and live hogs. NAFTA will result in an additional \$50 to \$100 million in annual pork industry revenues by the end of the transition period. (*Iowa Pork Producers Association*)
- Passage and implementation of NAFTA and successful actions in insuring market access in the common market and other areas, and implementation of export programs to counter unfair competition, would play a big role in increasing producer profitability. (*Iowa Soybean Association*)
- Free trade and shiny new gimmicks like NAFTA are unconstitutional and treasonous. NAFTA is simply a continuation of the same old siren's song that will bring only more misery, social unrest, war, debt, hunger, starvation, and political and social fascism. (*Mr. Larry Ginter, Family Farmer, Rhodes, Iowa*)

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### **Phytosanitary and Food Safety Issues**

- The following Federal actions are necessary: Amendment of food safety laws, passage of national uniformity pesticide laws, passage of an amendment to the Delaney Clause that moves to a negligible risk standard "rather than zero risk," and completion of the registration process. (*Sun Diamond Growers of California*)
- Phytosanitary issues are the trade barriers of the future for the U.S. export market. (*World Perspectives*)

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### **Importance of Food Aid Programs to the Growth of Developing Nations and U.S. Agricultural Export Markets**

- The European Community and the United States should establish a permanent international agency which administers concessional sales to developing countries. The program could be called PL 480000. (*Archer Daniels Midland Company*)
- The USDA must factor global food aid needs into the supply-side and demand-side policies of the Department. The U.S. should lead the way in creating an international reserve with participation of the international community. (*CARE*)

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